

**REPORT TO THE TWENTY-SECOND LEGISLATURE  
STATE OF HAWAII  
2003**

**IN COMPLIANCE WITH  
SECTIONS 340E-31 THROUGH 340E-41,  
HAWAII REVISED STATUTES  
RELATING TO THE  
DRINKING WATER TREATMENT REVOLVING LOAN FUND  
OF THE DEPARTMENT OF HEALTH**

**PREPARED BY:  
STATE OF HAWAII  
DEPARTMENT OF HEALTH  
ENVIRONMENTAL HEALTH ADMINISTRATION  
ENVIRONMENTAL MANAGEMENT DIVISION  
SAFE DRINKING WATER BRANCH  
WASTEWATER BRANCH  
NOVEMBER 2002**

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## **Preface**

September 30, 2002

This report presents the financial position of the Drinking Water Treatment Revolving Loan Fund (DWTRLF) at June 30, 2002 and the results of operations for the fiscal year then ended. The report is divided into two sections:

### **Operations and Administration Section:**

This section includes the introduction, economic condition and outlook, major initiatives goals and accomplishments, and compliance matters of the Program.

### **The Financial Section:**

This section includes the discussion of internal control, program administration and statistical information, overview of the basic financial statements, credit risk of DWTRLF, and other information.

This report was prepared by the Safe Drinking Water Branch and Wastewater Branch of the Department of Health. We believe the enclosed data are complete and accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the DWTRLF. All disclosures necessary to convey the maximum understanding of the Fund's financial activities have been included.

The Environmental Protection Agency (EPA) State Drinking Water Revolving Fund Capitalization Grant requires that the state revolving fund program managers issue an annual report on the financial position and activity of the fund and undergo an annual financial audit by an independent firm of certified public accountants. Information pertaining to this financial audit, including the schedule of expenditures of federal awards, findings and recommendations, and the report of the independent accountants on the internal controls and compliance with all applicable laws and regulations are included in a separate report.

## OPERATIONS & ADMINISTRATION SECTION

### A. INTRODUCTION

The Hawaii Drinking Water Treatment Revolving Loan Fund (DWTRLF) was established by the 1997 State Legislature in order to receive the federal capitalization grants as required by the Federal Safe Drinking Water Act of 1996 Amendments. The DWTRLF is administered by the Safe Drinking Water Branch and Wastewater Branch of the Department of Health. Under the DWTRLF, the State has established several activity codes to identify the source of revenues received. The DWTRLF's primary activities include the issuing of loans for the construction of drinking water facilities and the management and coordination of the Set-Aside Programs as defined under the Safe Drinking Water Act of 1996 Amendments.

The DWTRLF program is also known as the Drinking Water Revolving Fund under Chapter 340E, Hawaii Revised Statutes (HRS) and the Drinking Water State Revolving Fund or DWSRF under Chapter 11-65, Hawaii Administrative Rules (HAR).

By helping local governments improve and expand their drinking water infrastructure, the DWTRLF helps to protect the public health and environment of Hawaii. Equally important, the DWTRLF Program plays a vital role in the development and economic vitality of Hawaii communities.

Chart 1 illustrates the dollar volume of binding commitments that DWTRLF Program committed per year:

Chart 1.

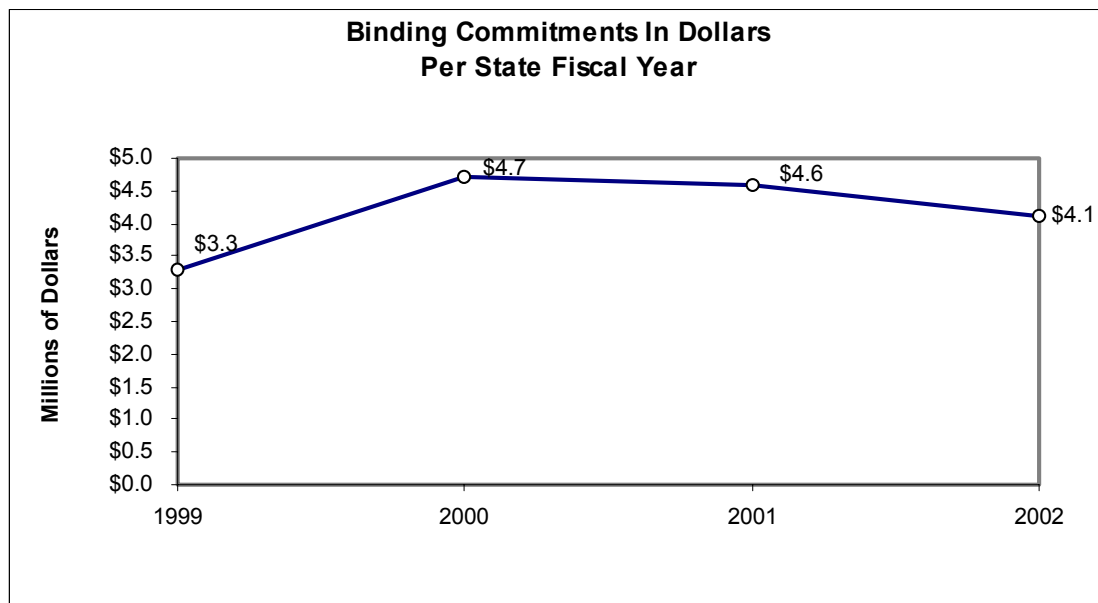
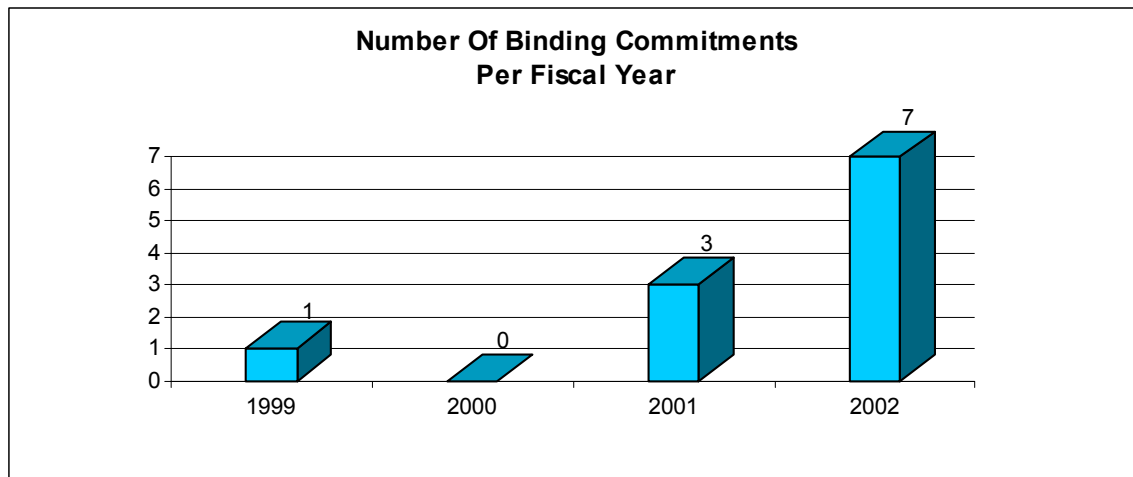


Chart 2 illustrates the number of binding commitments committed per year:

Chart 2.



Please also refer to attachment 1, Committed Projects by State Fiscal Year and Funding Source, for details transaction breakdown.

## **B. ECONOMIC CONDITION AND OUTLOOK**

The events surrounding the September 11<sup>th</sup> attack on the World Trade Center and Pentagon had far-reaching and adverse impact on the U.S., World, and Hawaii economies. Hawaii was more adversely affected than many other states because of its reliance on air travel and tourism. At this point in time, there is still much that is not known; how deep will the coming recessions in the US and Japan be; how fast will the global economic recovery be, and especially, how soon will consumers' confidence in air travel recover so that tourism is able to get back on track.

Nevertheless, the State now has evidence to form preliminary estimates of the current and prospective impact on Hawaii economy.

Significant job losses have already occurred in tourism-related sectors, and continue through the first quarter of 2002. Hopefully, federal monetary and fiscal policy will provide a substantial economic stimulus next year.

As a result of the September 11<sup>th</sup> events, total visitor arrivals in September 2001 fell 34% compared to the prior September. By December, total arrivals were down only 16.1% over December 2000. For the year 2001, visitor arrivals were 9.1% below 2000's count, with domestic arrivals down 5.1%, while international arrivals declined by 16.1%. This visitor information demonstrates a good rebound from the attack, especially since 2000 was a record-setting year for visitor arrivals, with

6.9 million arrivals.

Hawaii's economy should continue to rebound from the event of September 11<sup>th</sup> but will face the challenge of slowed economies both nationally and abroad. It is hoped that Hawaii will soon be transited from sharp declines in travel volumes to a period of gradual economic recovery.

Sources:

DEBT publication, <http://www.hawaii.gov/dbedt/uhero/index.html>

Standard & Poor's,

<http://www.standardandpoors.com/Forum/RatingsCommentaries/PublicFinance/Articles/>

First Hawaiian Bank, Economic Forecast, [http://www.fhb.com/hm\\_econ.htm](http://www.fhb.com/hm_econ.htm)

Bank of Hawaii, Economic Research Center, <http://www.boh.com/econ/index.asp>

Comprehensive Annual Financial Reports, FY2001, of City and County of Honolulu, County of Hawaii, County of Maui, and County of Kauai

## C. MAJOR INITIATIVES

1. The 2001 Hawaii legislature provided match funds pursuant to Act 259, SLH 2001, Hawaii Session Laws in the amount of \$1,551,000.00, for the DWTRLF.

An overview of the Drinking Water Treatment Revolving Loan Fund for FY 2002 includes the following:

- a. Funds withdrawn from the federal Automated Clearinghouse (ACH): \$2,843,954.71
- b. State match funds distributed: \$ 2,481.56
- c. Executed: Two Interim Loan Agreements: \$ 2,036,174.00  
Eight Final Loan Agreements: \$ 6,717,901.00  
Total Loan volume Executed \$ 8,754,075.00
- d. Principal repayment received: \$ 405,628.22
- e. Interest repayments received: \$ 129,256.34
- f. Matching funds (for the FY 2001 Federal Capitalization Grant) provided: \$ 1,551,000.00

2. The following DWTRLF project loan agreements were signed during FY 2002:

County	Project*	Loan Amount
Hawaii	Saddle Road Well "A"	\$1,717,380.00

	(Final Loan Agreement signed)	
Hawaii	Waimea Treatment Plant Upgrades, Phase II (Final Loan Agreement signed)	\$ 739,210.00
Hawaii	Kukuihaele Well "A" (Final Loan Agreement signed)	\$ 365,285.00
Hawaii	Makapala Well (Final Loan Agreement signed)	\$ 246,355.00
Hawaii	Pahala Well "B" (Final Loan Agreement signed)	\$ 375,677.00
Hawaii	Kaieie Mauka (Final Loan Agreement signed)	\$ 421,129.00
Kauai	Damage Repairs to Kokolau Tunnel (Final Loan Agreement signed)	\$1,755,329.00
Kauai	Kekaha Well	\$1,097,536.00
<u>TOTAL OF FINAL LOAN AGREEMENTS SIGNED</u>		<u>\$6,717,901.00</u>
Kauai	Rehabilitation of 27"Steel Pipe, Hanapepe- Eleele Water System	\$ 691,134.00
Kauai	Replace Pipeline at Hanapepe River Crossing And Control of Slope Failure at Hanapepe Well #3	\$1,345,040.00
<u>TOTAL OF INTERIM LOAN AGREEMENTS SIGNED</u>		<u>\$2,036,174.00</u>

#### **D. GOALS AND ACCOMPLISHMENTS**

The Long and Short Term Goals were enumerated in the Intended Use Plan for FY 2002 which was published on April 23, 2001. The following describes the results the Program achieved relative to these stated goals:

##### Long-Term Goals

1. To assist as many water purveyors as possible to attain compliance with State and Federal Drinking Water Regulations through our low interest loan program.

The DWSRF program has many things to do to accomplish this goal. Primary among these is to develop a viable program by which to make loans to privately owned water systems. A small step was taken this year by achieving the authority to use link deposit as a means by which private water suppliers may apply for loans. The major advantage of this method is that a lending institution will do the actual loan processing. The utility of this method will depend on the ability of the State or loan applicants to locate financial institutions willing to participate in this program.

A more direct means of getting loans to privately owned water systems will be the development of in-house loan procedures to private entities. This would involve the development of authority and procedures to receive loan applications from private water suppliers, conduct the appropriate financial assessments, develop appropriate loan documents, and issue direct loans.

2. To Maintain the DWSRF Program in Perpetuity.

The program continues to offer DWTRLF loans to applicants at rates which provide substantial savings, but which at the same time maintain the strength of the fund. The program continues to pursue state-match funds to fund needed DWTRLF projects. The 2001 Hawaii State Legislature appropriated \$1,551,000.00 in match funds for FY 2002 and FY 2003. In addition, the application of the loan fee program gives additional assurances that the program will receive adequate operational funds for the next several years.

3. To develop a linked deposit or other program to assist in financing improvements to privately owned public water systems.

The 2002 Hawaii State Legislature passed Act 132 which explicitly allows interest rate subsidies to the counties, state agencies, and private entities.

This program, "Linked Deposit Program," would involve an agreement between the Department of Health and a financial institution like a bank. The revolving fund would in essence provide an interest rate subsidy for loans to eligible projects by depositing revolving fund moneys into interest-bearing accounts in the participating bank that issue loans for eligible drinking water projects. The link deposit program is presently being reviewed by the Bank of Hawaii.

### Short-Term Goals

1. Initiate development of a program to obtain deficiency and compliance information from the Safe Drinking Water Branch and Public Water Systems to identify potential projects which will assist in protecting the public health and environment, protect the drinking water of the state and may encourage consolidation of small water systems with larger water systems.

Deficiency and compliance information is available from the Compliance Section of the Branch.



2. Initiate development of a system to track the currently required tracking items which may include accounting, management, set-asides, compliance and customer service concerns.

The State, working with EPA, was able to secure the services of Northbridge Environmental Corporation to initiate work on a system capable of tracking and report necessary items in the DWSRF. This company has developed DWSRF software in other states and is familiar with many of the basic DWSRF requirements. The Hawaii program has some unique purchasing and accounting issues which required some specific modifications to their existing software. While a major portion of this work was accomplished in FY2002, completion of this system is expected in FY2003.

3. Initiate modification of the Functional Procedures to reflect and meet the DWSRF requirements and needs.

The functional procedures are being reviewed, revised and updated as required with new comments and concerns arise. Currently the Environmental Review procedure is under review and revision. The project inspection checklist and reports are under continuous revision.

## **E. COMPLIANCE MATTERS**

DOH has complied with the conditions of the DWTRLF operating agreement. DOH has met and will continue to be in compliance with the following conditions as described in the Operating Agreement.

1. Environmental Review - each DWTRLF project has undergone an environmental assessment and review. Environmental assessment documents were prepared by the Counties in accordance with HRS Chapter 343 (Environmental Impact Statements) and the HAR Chapter 11-200, and were submitted to the Office of Environmental Quality Control (OEQC) of the State of Hawaii for review and publication.

The Program oversees the environmental review process for all DWTRLF projects funded during this fiscal year to ensure that they were in compliance with all state and federal requirements. Each applicant also certified that they had conducted a current assessment of the environmental impacts of the project and had disclosed in the environmental assessment documents all known significant environmental impacts of the proposed project.

2. Intended Use Plan - the Intended Use Plan was completed in April 2001 and was published on April 23, 2001.
3. Other Federal ("Cross-cutter") Requirements - the Counties certify for each of their DWTRLF projects that they are in compliance with all of the federal cross-cutter rules and regulations.

## **FINANCIAL SECTION**

The following is a summary of operations for the fiscal year ended June 30, 2002. The DOH considers the DWTRLF to be a special revenue fund. The fund was established to receive the proceeds of specific revenue sources such as Federal Capitalization Grants, State Capital Improvement Project (CIP) Appropriation for State Match, loan repayments, and interest earnings from investments. Under the DWTRLF, DOH established several accounts (activity codes) for each specific revenue source. The funds are legally restricted to expenditures for the drinking water treatment works, allowable costs for the program set-aside activities under the Safe Drinking Water Act, and the administrative cost for the operation and maintenance of the DWTRLF Program.

### **A. INTERNAL CONTROL**

The DWTRLF Program manager is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs. The objective of an internal control system is to provide program manager with reasonable, but not absolute, assurances that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Management is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to federal and state financial assistance programs.

We believe that the DWTRLF internal accounting control adequately safeguards assets and provides reasonable assurances of proper recording of financial transactions.

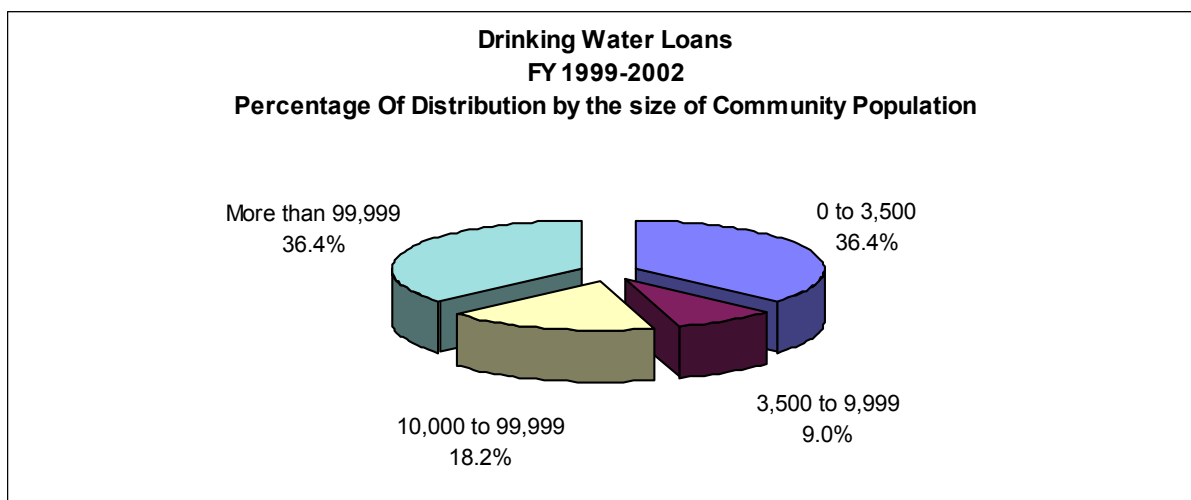
### **B. PROGRAM ADMINISTRATION AND STATISTICAL INFORMATION**

#### **1. Drinking Water State Revolving Fund Capitalization grants:**

The Department of Health (DOH) has not received the \$7,789,100.00 capitalization grant from the Safe Drinking Water Act, FY 2001 Appropriation.

As of June 30, 2002, DOH has received a total of \$34,900,900.00 in federal capitalization grants. Of the capitalization grants received, \$7,533,755.00 has been set aside for activities relating to the administration of the loan program and to support other drinking water program initiatives. DOH designated the remaining balance of the capitalization grants of \$27,367,145.00 for the DWTRLF loan funds. DOH has lent out \$12,543,670.00 of federal capitalization grant funds and \$4,050,492.00 of state match funds to three major counties of Hawaii. The federal funds of the DWTRLF program were also used to benefit Hawaii's small communities. The distribution of federal funds according to community size is illustrated in Chart 3 below.

Chart 3.



The program promotes participation from minority business enterprises (MBE) and women owned business enterprises (WBE). In FY 2002, DWTRLF loan recipients awarded 2,474,911.00 worth of drinking water construction contracts of which a total of 918,604.00 of federal funds were awarded to minority owned business enterprises and a total of 10,804.00 were awarded to women owned business enterprises. For FY 2002, the minority business enterprises and women owned business enterprises utilization percentages were as follows:

	Total Amount	Amount Awarded to MBE	Percentage Of MBE Utilization	Amount Awarded to WBE	Percentage Of WBE Utilization
Contract Procurement	\$2,474,911	\$918,604	37.12%	\$10,804	0.44%

## 2. Executed Loan Agreements/Binding Commitments:

In FY 2002, DOH executed two interim and two final loan agreements totaling \$4,889,039 with the Department of Water, County of Kauai and six final loan agreements totaling \$3,865,036 with the Department of Water Supply, County of Hawaii (See page 3, paragraph C. Major Initiatives).

As of June 30, 2002, DOH has loaned \$12,543,670 worth of federal capitalization grant funds and \$4,050,492 of state match funds to DWTRLF projects (See Attachment 1). The proportion of state match funds to federal fund meets the binding commitment requirements of 40 CFR 35.2135(c) (See Attachments 1 and 2).

At the end of FY 2002, the DWTRLF had \$21,884,338 available for loans. The balance of available funds consisted of: Capitalization Grant Fund of \$14,823,475, State match of \$5,086,508 and loan repayment and investment funds of \$1,974,355.

There is more than \$15,216,596 of projected needs competing for the limited resource as of June 30, 2002. DOH anticipates that some of those needs will be funded in FY 2002 and FY 2003. Despite a downturn in the State's economy during 2002, the construction of large infrastructure projects, such as those financed by the DWTRLF, are still needed. Due to stringent water quality standards and continued population growth, the demand for financing of drinking water projects is expected to remain strong in 2003.

3. Automated Clearinghouse (ACH) Draws:

DOH drew \$2,843,954.71 of Capitalization Grant funds from the Automated Clearinghouse (ACH) payment system during the FY 2002. Of these funds, \$2,246,258.10 was used for DWTRLF loans and \$597,696.61 was used to fund the DWTRLF set-aside operations (Refer to Attachment 4, ACH Drawdowns).

4. State Match:

By Appropriations Act 259/2001, the 2001 State Legislature appropriated \$1,551,000 in general obligation bond funds for the purpose of providing the required state match for the Federal Fiscal Year (FFY) 2000-2001 State Revolving Fund Capitalization Grant. The required State Match was transferred to the DWTRLF in the FY 2002.

Hawaii State law prohibits the program from using State Capital Improvement Project (CIP) funds for administration costs. Therefore, DOH cannot disburse the funds for all the set-aside programs in a proportional manner. In order to comply with EPA's disbursement requirement, DOH obligates all the state match to loan projects and disburses the state match funds with a higher proportional ratio than as the EPA regulation required. DOH has maintained a greater percentage of cash draw ratio for each active capitalization grant (Refer to Attachments 5 and 6).

5. Loan Repayments:

Repayments are deposited into the 422 activity code, principal from repayments, and 423 activity code, interest from repayments. As of June 30, 2002, DOH has received \$405,628.22 from principal repayment and \$129,256.34 from interest repayment. At the end of FY 2002, DWTRLF had a balance of \$1,974,355.38 from loan and interest repayments and investment earnings. As mentioned earlier, there is more than \$15 million worth of DWTRLF projects. The balance will be lent out in FY 2002 and 2003.

## **C. OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

Normally, the prior year's activity would be provided in a comparative presentation. However, no

comparative data can be provided as this is the first year this discussion and analysis is required. The basic financial report consists of the fund financial statements and the notes to the basic financial statements.

#### 1. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The DWTRLF, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DWTRLF are categorized as proprietary funds.

#### 2. Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

#### 3. Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain other supplemental information. Regulatory basis financial statements are included for the DWTRLF.

### **Financial Analysis of Enterprise Funds**

#### ***Summary of Net Assets***

The DWTRLF's basic financial statement is compiled as an enterprise fund. The DWTRLF balance sheet summarizing the financial position as of June 30, 2002 is presented below.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

STATEMENT OF NET ASSETS

June 30, 2002

#### ASSETS

##### Current Assets

Cash and cash equivalents in state	
Treasury (note C)	\$ 8,104,509.13
Loan fees receivable	12,342.25
Accrued interest (note D)	16,853.82
Due from other funds	139,986.58
Current maturities of loans receivable (note D)	<u>460,388.01</u>

Total current assets	<u>\$ 8,734,079.79</u>
Loans receivable, net of current maturities (note D)	\$ 9,034,534.88
Office equipment, net of accumulated depreciation of \$118,619.77, at cost	\$ 152,437.99
<b>TOTAL ASSETS</b>	<u><b>\$17,921,052.66</b></u>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities	
Account payable	\$ 7,949.52
Accrued wages and other	<u>                    </u>
Total current liabilities	<u>\$ 7,949.52</u>
Net assets	
Invested in capital assets	
Restricted	\$17,913,103.14
Unrestricted	<u>                    </u>
Total net assets	<u>\$17,913,103.14</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$17,921,052.66</b></u>

Restricted assets totaled \$18,213,103.15 at year end. These balances primarily consist of cash equivalents, investment and loan interest receivable, loan principal payments due in 2003, investments, and other receivables and totaled \$18 million at the end of the fiscal year. The two most significant sources of funds were contributions received from the State Appropriation Act 259/01 of \$1,551,000 and federal capitalization grants received totaling \$2,843,954.71. These amounts are shown in the Summary of Changes in Fund Net Assets statement displayed later in this analysis. Included in the cash equivalents and investment balance is approximately \$8,104,509.13 that is deposited into the State Treasury. Other cash and investment balances are available for bond debt service and other operating activities of the enterprise funds.

### ***Summary of Changes in Fund Net Assets***

Table 1 summarizes the changes in fund net assets for the current fiscal year, which reports the results of operations of the DWTRLF's Enterprise Funds.

Table 1.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

June 30, 2002

Revenues

Interest earnings from loans	\$ 131,423.67
<u>Administration loan fee</u>	<u>260,145.80</u>
Total revenues	<u>\$ 391,569.47</u>

Expenses

Administrative 4% set-aside and fee expenses	\$ 280,385.24
Administrative 10% set-aside and related expenses	71,459.66
Administrative 15% set-aside and related expenses	211,923.18
Administrative 2% expenses	<u>6.75</u>
Total expenses	<u>\$ 563,774.83</u>
Excess revenues over expenses	<u>(\$ 172,205.36)</u>

Nonoperating revenues

Federal contributions	\$ 2,843,954.71
State contributions	1,551,000.00
Interest earnings from investment	<u>271,613.33</u>
Total nonoperating revenues	<u>\$ 4,666,568.04</u>
EXCESS REVENUES OVER EXPENSES	<u>\$ 4,494,362.68</u>

Net assets at July 1, 2001	\$13,418,740.46
Net assets at June 30, 2002	<u>\$17,913,103.14</u>

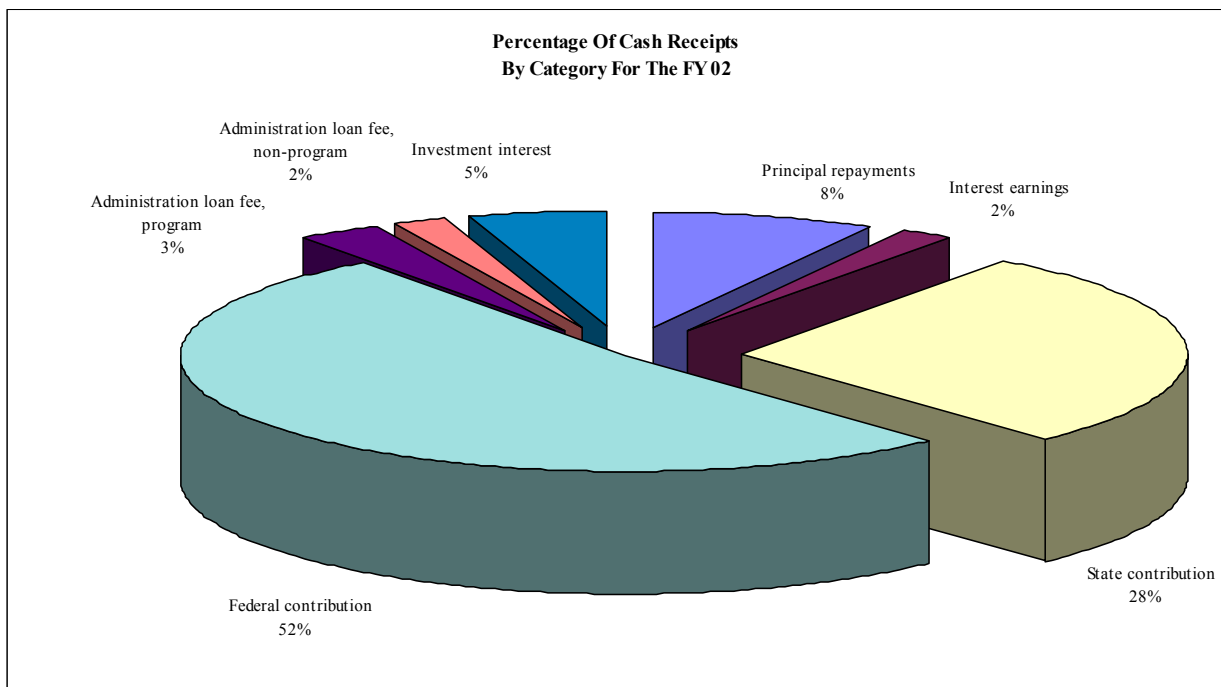
Interest earnings from investments of the DWTRLF's cash in the State of Hawaii treasury generated \$271,613.33 for the FY 2002. The total interest earnings increased by \$5,319.22 as compared to the amount earned in FY 2001.

Section 38-3 of the Hawaii Revised Statutes requires collateralization of all public funds, except to the extent that the deposit at each financial institution is insured under the laws of the United

States. Acceptable securities include: bonds, notes, bills and certificates of indebtedness of the United States or its agencies; bond notes or other indebtedness of the State of Hawaii or its counties or any other state or county of the United States; and any asset of the depository eligible to secure advances from the Federal Reserve Bank in an amount equal to their market value but not to exceed par value

Chart 4 below shows the sources of the cash receipts for the FY 2002.

Chart 4.



In FY 2002, the DWTRLF received \$164,837.35 program income administration loan fees and \$95,308.45 non-program income administration loan fees. The \$164,837.35 program income administration loan fee was collected from federally funded loan portfolios. The \$95,308.45 non-program income administration loan fee was collected from state funded loan portfolios.

Total capitalization grant revenue received from the EPA totaled \$2,843,954.71. This revenue is \$1,265,044.10 higher than the previous year. Beginning in 2001, capitalization grant receipts are required to be recorded as revenue, rather than as contributed capital as in previous years. Two major factors contribute to the amount of grant revenue recognized. First is the number and size of loans made in the revolving funds for the year. The second factor is the timing of payment requests submitted by borrowers for project cost reimbursement. Each payment request generates a draw from the DWTRLF program's Automated Clearinghouse (ACH) Draws.

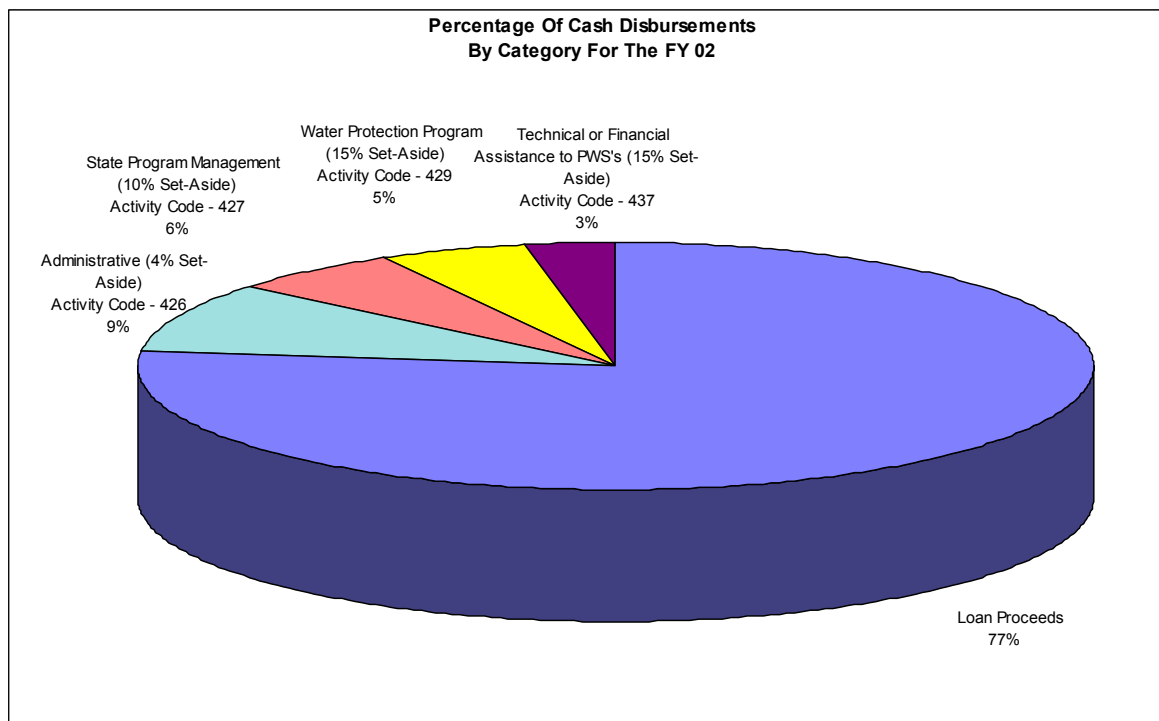


Please refer to the notes to the basic financial statements for an explanation of the set aside programs funded by the DWTRLF. These programs directly fund costs incurred for special programs to aid the improvement of safe drinking water supplies. As program costs are incurred, EPA grant funds are drawn for those specific purposes. The activity in these set aside programs is gaining momentum, and the grant income and related expenses for 2002 totaled \$876,043.38, and \$711,483.13, respectively.

The State does not contribute any funds for the cost of administering the DWTRLF Program. On May 17, 2000, DOH implemented a loan fee program to generate revenue for the cost of administering the DWTRLF Program and the drinking water related program. The charges of the administering cost included the salaries and benefits of the employees. Other administrative expenses were prorated to each program activity according to the percentage of employees' time and effort. The DOH does not charge any indirect costs to the DWTRLF for costs incurred from supporting activities of the State DWTRLF.

The DWTRLF program disbursed \$2,382,220.58 of federal capitalization grant funds for the DWTRLF loan project during the FY 2002. As of June 30, 2002, the program expenditures (cash outlays) were: \$282,170.37 for direct administrative cost of operating the DWTRLF program (4% Set-Aside), \$197,154.73 for the State Program Management (10% Set-Aside), \$133,633.18 for the Water Protection Program (15% Set-Aside), and \$96,750.00 for the Technical or Financial Assistance to Public Water Systems. Chart 5 below shows the significance of loan proceeds in relation to all costs associated with the DWTRLF's operations.

Chart 5.



#### Administration (4%)

The State did not contribute any funds for the cost of administering the DWTRLF Program. In FY 2000, DOH implemented a loan fee program to ensure operational funds in perpetuity. The charges included the salaries and benefits of the employees. The DOH does not charge any indirect costs to the DWTRLF for costs incurred from supporting activities of the State DWTRLF. The cost to administer the DWTRLF for FY 2002 was \$283,798.47. Included in this amount are \$282,114.68 of reimbursed costs paid by the federal administration fund; \$1,616.96 of direct administrative costs paid by the program loan fee; and \$66.83 of other related supporting water program activities paid by the non-program loan fee.

The program completed a priority list, developed the Intended Use Plan, and prepared the capitalization grant application. The highlight of the program activities are listed as follows:

1. The Program continued to service eleven project loans.
2. The Program reviewed planning documents (including the preliminary engineering reports, plans and specifications, environmental assessment documents, and federal requirement documents) for eight projects.
3. The Program executed two interim loan agreements and six final loan agreements for DWTRLF construction projects.
4. The Program conducted four (4) construction inspections of ongoing DWTRLF projects under construction.

#### Small Systems Technical Assistance (2%)

There was no activity in the Small System Technical Assistance area during the period July 1, 2001 and June 30, 2002.

#### State Program Management (10%)

The Safe Drinking Water Act Amendments of 1996 provided that up to ten percent of the DWSRF Capitalization Grant could be used for State Program Management. These funds were generally delegated to support four major activities.

##### a. Source Water Protection Program

The Source Water Protection Program continues to progress. Under a current contract with the University of Hawaii, Water Resources Research Center, source water assessment areas will be delineated for approximately 450 existing sources of potable water serving public water systems. Once delineated, these areas will be surveyed to identify potentially contaminating activities or PCAs within each delineated area.

b. Public Water System Supervision Program

The Hawaii Public Water System Supervision Program administers state and federal safe drinking water standards and requirements to 132 public water systems in the State. The program goal is to protect public health by assuring that all public water systems as defined meet all drinking water standards, treatment, monitoring, reporting and other requirements.

A major challenge for the PWSSP is to keep up with the various rules being promulgated at the federal level.

The EPA has generated and continues to generate many rules addressing various aspects of drinking water protection. Once promulgated, the State must adopt equivalent regulations and demonstrate the authority and capacity to enforce these regulations. It will continue to be a challenge for the program to meet the EPA schedule for state adoption.

At the present time, the state has adopted the following rules:

- Total Coliform Rule
- Surface Water Treatment Rule
- Lead and Copper Rule
- Phase I Volatile Organic Chemical Rule
- Phase II Synthetic Organic Chemical Rule
- Phase V Synthetic Organic Chemical Rule
- Consumer Confidence Report Rule

The State has yet to adopt the following EPA rules:

- Interim Enhanced Surface Water Treatment Rule
- Disinfectant/Disinfection By-Products Rule Stage 1
- Radionuclides Rule
- Arsenic Rule
- Filter Backwash Recycling Rule
- Revised Public Notification Rule
- Lead and Copper Rule Minor Revisions

EPA is still developing the following rules:

- Enhanced Surface Water Treatment Rule (LT1)
- Radon Rule
- Groundwater Rule
- Enhanced Surface Water Treatment Rule (LT2)
- Disinfectant/Disinfection By-Products Rule Stage 2

The Safe Drinking Water Branch accomplishes water system compliance through a number of activities. These include: monitoring, project review and approval, on-site inspection called sanitary surveys, technical assistance, data management, and enforcement.

The State's public water systems are generally in good compliance with the regulations already being enforced. The major rules which cause compliance problems are the Total Coliform Rule (TCR) and the Surface Water Treatment Rule (SWTR). At the present time, Hawaii has three water systems which do not have required surface water treatment plants. Future regulations will pose additional compliance challenges through the regulation of different contaminants and the requirement of different treatment solutions.

c. Capacity Development Program

In order to address the problem of new water systems' technical, managerial and financial capacity, the Hawaii SDWB is requiring the Homeowner's Association By-laws or the Declaration of Protective Covenants, Conditions, and Restrictions (CC&R), to require that the Homeowner's Association contract a water systems operation company to manage and operate the new water system and to also contract a property financial management company to perform the financial operations for the Association.

This action assures having a qualified manager and certified operators to operate the water system, and a qualified staff to perform the financial operation for the Homeowner's Association.

d. Operator Certification Program

The most significant accomplishment of the Hawaii Safe Drinking Water Branch during FY02 in the area of Operator Certification was the revision of Chapter 11-25, Hawaii Administrative Rules to conform with EPA concerns over the minimum education of water treatment plant operators. This accomplishment will, with EPA approval, prevent the withholding of 20% of the FY2003 Hawaii Capitalization Grant.

From July 1, 2001 to June 30, 2002, the Board of Certification of Operating Personnel in Public Water Systems met six times. During this period:

78	Applications were received for certification review;
54	Persons were tested for the WTPO certification. (Examinations were held on September 18, 2001 and February 12, 2002);
57	Persons were tested for the DSO certification. (Examinations were held on November 27, 2001 and April 30, 2002);
4	Reciprocal certifications were issued;
48	Persons passed the WTPO certification examinations.
22	Persons passed the DSO certification examinations;
156	WTPO certifications were active on June 30, 2002;

- 306 DSO certifications were active on June 30, 2002;
- 7 Public water systems required to have Level 1 certified water treatment plant operators by the level of the plant;
- 6 Public water systems required to have Level 2 certified water treatment plant operators by the level of the plant;
- 5 Public water systems required to have Level 4 certified water treatment plant operators by the level of the plant; and
- 126 Public water systems with at least one distribution system operator certified at the level of the distribution system of the water system.

#### Local Assistance and Other State Programs (15%) [Water Protection Program]

Two major contracts were issued in the past year relating to local assistance. These contracts implement the capacity program as allowed under this set-aside.

##### Training Contract

On July 30, 2001, the SDWB issued a notice to proceed on a \$375,000, three-year contract with the Rural Community Assistance Corporation (RCAC) to provide training to managers and operators of public water systems to improve and maintain their technical, managerial, and financial capacity.

This contract calls for the development of training based on a survey of the training needs, and the conduct of training sessions over the three-year period. It calls for training to be available on each major island:

- a. Six manager training courses every six months. (One each in Hilo, Kona, Maui, Kauai, Oahu, and Molokai)
- b. Ten water treatment plant operator training courses every six months. (Two each on Maui, Molokai, Hawaii Oahu and Kauai)
- c. Fourteen to fifteen distribution system operator training courses every six months. (One training session conducted two times each on Maui, Molokai, Kauai, Hilo and Kona, four training sessions on Oahu and one annual training session on Lanai)

##### Technical Assistance Contract

On August 10, 2001, the SDWB issued a notice to proceed with the execution of a \$109,000 contract to the Rural Community Assistance Corporation (RCAC) to provide capacity assistance to five public water systems which were willing to participate in the program. The contract, which spans a two-year period calls for the RCAC to provide 200 hours of assistance to each of the systems. The goal of the Branch was to identify one water system on each of the major islands to receive this assistance. After substantial effort, this goal was achieved. The systems willing to participate in the program are:

Hawaiian Shores Water System, PWS ID. 156  
Hana Water Company Water System, PWS ID. 201  
Molokai Ranch, Kualapuu Water System, PWS ID. 229  
Metropolitan Life, Mokuleia Water System, PWS ID. 326  
Gay and Robinson, Pakala Water System, PWS ID. 417

#### **D. CREDIT RISKS OF THE DWTRLF**

DOH has independently performed a Financial Capability Analysis for each county to assess their credit risk this year.

Table 2 contains specific information regarding the credit worthiness of the three DWTRLF recipients. The table shows the credit rating categories for these recipients. The G.O. Bond credit agency, Standard and Poor's. Gave every Hawaii county's board of water or water supply an "A" or "A plus" rating. In summary, the DOH feels that the credit pool of DWTRLF's loan portfolio have a high degree of solvency.

Table 2.

<u>Recipients</u>	<u>Committed Amount</u>	<u>G.O. Bond Rating</u>	<u>Percentage of DWTRLF Loan Portfolio</u>
County of Hawaii Water Board	\$ 3,865,036.00	A2	23.29 %
County of Maui Board of Water Supply	\$ 7,840,087.00	Aa3	47.25 %
County of Kauai Board of Water Supply	<u>\$ 4,889,039.00</u>	<u>A1</u>	<u>29.46 %</u>
Totals	<u>\$16,594,162.00</u>		<u>100%</u>

#### **E. OTHER INFORMATION**

This annual report was prepared in accordance with General Acceptable Accounting Principle and Reporting Requirements requested by EPA.

Independent Audit: The accounting firm of Grant Thornton LLP was selected by the DOH to perform the financial audit of the DWTRLF Program. The auditor's report on the DWTRLF financial statements will be published sometime in November 2002.

Program information: For any further information regarding this report, please contact the Wastewater Branch at: (808) 586-4294 or Safe Drinking Water Branch at: (808) 586-4258.

**ATTACHMENT 1**

**COMMITTED PROJECTS BY STATE FISCAL YEAR  
AND FUNDING SOURCE**



State of Hawaii  
Drinking Water Treatment Revolving  
Loan Fund  
Committed Projects by State Fiscal Year and Funding Source

Page 1 of 2

June 30, 2002

				Source of Loan Funds								
Binding Commitment Date				Project Description	Final Agr Date	Rate	Loan Amount	420 Federal SRF	421 State SRF	422 Principal from Repayment	423 Interest from Repayment	424 Interest from Investment
FY99:	3/23/99	*	213-0001	Kamole Water TP		N/A	3,316,379.00 ^	2,020,135.00 ^	1,296,244.00 ^			
							3,316,379.00	2,020,135.00	1,296,244.00	-	-	-
FY00:	11/15/99	**	213-0001	Kamole Water TP		4.80%	4,653,200.00 ^	2,834,444.00 ^	1,818,756.00 ^			
							4,653,200.00	2,834,444.00	1,818,756.00	-	-	-
FY01:	9/15/00	1	213-0001	Kamole Water TP		1.55%	(129,492.00)	(129,492.00)				
	11/15/00	3	130-0001	Waimea TP Upgrades-Ph. II	7/15/01	1.37%	739,210.00	739,210.00				
	11/15/00	3	101-0001	Saddle Road Well "A"	10/15/01	1.37%	2,198,992.00	2,198,992.00				
	11/15/00	3	410-0001	Dam. Repairs to Kokolau Tun.	7/15/01	1.37%	1,755,329.00	1,317,901.00	437,428.00			
							4,564,039.00	4,126,611.00	437,428.00	-	-	-
FY02:	7/15/01	6	410-0001	Dam. Repairs to Kokolau Tun.		1.37%	-	412,474.00	(412,474.00)			
	7/15/01	3	133-0001	Kukuihaele Well "A"	4/15/02	1.01%	365,285.00	292,424.00	72,861.00			
	7/15/01	3	139-0001	Makapala Well	4/15/02	1.01%	246,355.00	197,218.00	49,137.00			
	7/15/01	3	109-0001	Pahala Well "B"	4/15/02	1.01%	375,677.00	300,743.00	74,934.00			
	7/15/01	3	107-0001	Kaieie Mauka	4/15/02	1.01%	421,129.00	337,014.00	84,115.00			
	7/15/01	3	406-0001	Kekaha Well	4/15/02	1.01%	1,097,536.00	877,066.00	220,470.00			
	5/15/02	2	404-0001	Rehab., Hanapepe-Elleele WS		0.99%	691,134.00	552,301.00	138,833.00			
	5/15/02	2	404-0002	Replace Pipeline at Hanapepe		0.99%	1,345,040.00	1,074,852.00	270,188.00			
	10/15/01	4	101-0001	Saddle Road Well "A"		1.37%	(481,612.00)	(481,612.00)				
							4,060,544.00	3,562,480.00	498,064.00	-	-	-
Grand Total							16,594,162.00	12,543,670.00	4,050,492.00	-	-	-
Planned Binding:												
			133-0001	Kukuihaele Well "A" (Adj Only-Final to Sup)			2,306,321.00	1,846,296.00	460,025.00			
			139-0001	Makapala Well (Adj Only-Final to Sup)			1,705,787.00	1,365,544.00	340,243.00			
			109-0001	Pahala Well "B" (Adj Only-Final to Sup)			1,676,231.00	1,341,886.00	334,345.00			
			107-0001	Kaieie Mauka (Adj Only-Final to Sup)			1,364,537.00	1,090,433.00	274,104.00			
			335-0002	Kunia Wells II			3,993,720.00	3,216,359.00	777,361.00			
			331-0002	Waimanalo Wells III			2,170,000.00	1,734,096.00	435,904.00			
			105-0001	Honomu Well "A"			2,000,000.00	1,610,708.00	389,292.00			
Total							15,216,596.00	12,205,322.00	3,011,274.00	-	-	-

← Source of Loan Funds →				
420 Federal SRF	421 State SRF	422 Principal from <u>Repayment</u>	423 Interest from <u>Repayment</u>	424 Interest from <u>Investment</u>

Terminated Projects:

Note: Legend located on page 2

Page 2 of 2

State of Hawaii  
Drinking Water Treatment Revolving  
Loan Fund  
Committed Projects by State Fiscal Year and Funding Source

June 30, 2002

**Legend:**

\* Interim Loan Agreement never issued, Binding was based on a Binding Commitment letter for the amount stated.

\*\* Interim Loan Agreement never issued, Binding was based on the Final Loan Agreement date.

^ Kamole Water TP: Initial binding commitments totaled \$7,968,579, with 39.09% of this amount made up of state match funds (\$3,115,000 from 421). This total initial binding amount was executed by two separate transactions, \$3,316,379 with 39.09% (\$1,296,244) made up of state match funds and \$4,653,200 also made up of 39.09% of state match funds (\$1,818,756).

- 1 Supplemental Loan Agreement to the Primary Loan Agreement.
- 2 Interim Loan Agreements.
- 3 Final Loan Agreements executed using the Interim Loan Agreement Binding Commitment Date.
- 4 Final Loan Agreement executed, however, the actual loan amount was lower than the amount shown in the Interim Loan Agreement.
- 5 Final Loan Agreement executed, however, the actual loan amount was higher than the amount shown in the Interim Loan Agreement.
- 6 Final Loan Agreement executed, however, the actual loan amount is the same as the amount shown in the Interim Loan Agreement.

**ATTACHMENT 2**

**CROSS-REFERENCE OF COMMITTED PROJECTS BY FUNDING  
SOURCE**

[illegible]

**ATTACHMENT 3**

**DWTRLF PROGRAM FINANCIAL REPORT**

# FINANCIAL STATEMENTS

STATE OF HAWAII

DRINKING WATER TREATMENT REVOLVING LOAN FUND (DWTRLF)

June 30, 2002

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State of Hawaii  
Drinking Water Treatment Revolving Loan Fund  
STATEMENT OF NET ASSETS

June 30, 2002

**ASSETS**

Current Assets

Cash in State Treasury (Note B)	\$ 8,104,509.13
Total Cash in State Treasury	<u>\$ 8,104,509.13</u>
Due from other fund - 376 PWSSP	\$ 68,000.00
Due from other fund - 351 ERO Drinking Water	2,000.00
Due from other Fund - 377 Ground Water Protection	69,986.58
Due from other Fund - 352 Ground Water Protection	-
Accrued Interest Receivable (Note D)	16,853.82
Accrued Loan Fee Receivable	12,342.25
Current maturities of loans receivable (note D)	460,388.01
<b>Total Current Assets</b>	<u><u>\$ 8,734,079.79</u></u>

Loan Receivable	<u>\$ 9,034,534.88</u>
-----------------	------------------------

Other Assets

Office Equipment	\$ 271,057.76
Less: Accumulated Depreciation	(118,619.77)
Total Office Equipment	<u>\$ 152,437.99</u>
Transportation Equipment	\$ 47,233.06
Less: Accumulated Depreciation	(47,233.06)
Total Transportation Equipment	<u>-</u>
<b>Total Other Assets</b>	<u><u>\$ 152,437.99</u></u>

<b>TOTAL ASSETS</b>	<u><u>\$ 17,921,052.66</u></u>
---------------------	--------------------------------

**LIABILITIES & EQUITY**

Liabilities

Current Liabilities

Accounts Payable	-
Payroll payable	\$ 7,949.52

Total Accounts Payable	<u>\$ 7,949.52</u>
------------------------	--------------------

Total Current Liabilities	<u><u>\$ 7,949.52</u></u>
---------------------------	---------------------------

<b>Total Liabilities</b>	<u><u>\$ 7,949.52</u></u>
--------------------------	---------------------------

Net assets

Invested in capital assets accounts Payable	
Restricted	\$ 17,913,103.14
Unrestricted	

Total net assets	<u>\$ 17,913,103.14</u>
------------------	-------------------------

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 17,921,052.66</u></u>
---	--------------------------------

The accompanying notes are an integral part of this statement.



State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS  
For the Year ended June 30, 2002

Revenues

Interest earnings from Loans (Note B)	\$ 131,423.67
Administration loan fee earnings (Note B)	260,145.80
Total Revenues	<u>\$ 391,569.47</u>

Expenses by Program Activities:

Loan Program Administrative - 4% set-aside	\$ 278,202.62
Admin. Technical Assistant 4% set-aside	498.83
State Program Management - 10% set-aside	67,622.61
Source Water Protection 10% set-aside	49.99
Capacity Development 10% set-aside	731.54
Operator Certification 10% set-aside	3,055.52
Water Protection Program - 15% set-aside	113,743.18
Wellhead Protection Program 15% set-aside	1,430.00
Technical or Financial Assistance 15% set-aside	96,750.00
Admin Loan Fee - Program	1,616.96
Admin Loan Fee - Non Program	66.83
Small Systems Technical Assistance - 2% set-aside	6.75
Total Expenses	<u>\$ 563,774.83</u>

EXPENSES (OVER)/UNDER REVENUES	<u>\$ (172,205.36)</u>
--------------------------------	------------------------

Non-operating Revenues

Federal contribution	\$ 2,843,954.71
State matching contribution	1,551,000.00
Interest earnings from Investment (Note B)	271,613.33
Total Non-operating Revenues	<u>\$ 4,666,568.04</u>

EXCESS REVENUES OVER EXPENSES	<u>\$ 4,494,362.68</u>
-------------------------------	------------------------

Net assets at July 1, 2001	\$ 13,418,740.46
----------------------------	------------------

Net assets at June 30, 2002	<u>\$ 17,913,103.14</u>
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The accompanying notes are an integral part of this statement.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

STATEMENT OF CASH FLOWS

Year Ended June 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:

Interest income from loans	\$ 129,256.34
Admin Loan Fees	278,346.77
Principal repayments on loans	405,628.22
Disbursement of loan proceeds	(2,382,220.58)
Personnel costs	(517,476.99)
Payments to vendors	(156,757.31)

Net cash flows used in operating activities	<u>\$ (2,243,223.55)</u>
---	--------------------------

Cash flows from noncapital financing activities:	\$ 4,291,968.13
--	-----------------

Net cash flows provided by noncapital financing activities	<u>\$ 4,291,968.13</u>
--	------------------------

Cash flows from capital and related financing activities:

Purchase of equipment	\$ (37,269.47)
-----------------------	----------------

Net cash flows provided by investing activities	<u>\$ (37,269.47)</u>
---	-----------------------

Cash flows from investing activities:

Interest from investments	\$ 271,613.33
Net cash flows provided by investing activities	<u>\$ 271,613.33</u>

NET INCREASE IN CASH	<u>\$ 2,283,088.44</u>
----------------------	------------------------

Cash Balance at July 1, 2001	<u>\$ 5,821,420.69</u>
------------------------------	------------------------

Cash Balance at June 30, 2002	<u><u>\$ 8,104,509.13</u></u>
-------------------------------	-------------------------------

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ (172,205.36)
------------------	-----------------

Adjustments to reconcile net income to net cash  
provided by operating activities:

Depreciation	31,168.08
--------------	-----------

Changes in assets and liabilities:

Increase in interest receivable on loans	(2,167.33)
--	------------

Decrease in administrative fee receivable on loans	18,200.97
--	-----------

Decrease in accrued salaries and other admin.	(141,627.55)
---	--------------

Other operating cashflows:

Principal repayments	405,628.22
----------------------	------------

Loan proceeds	<u>(2,382,220.58)</u>
---------------	-----------------------

Net cash provided by operating activities	<u>\$ (2,243,223.55)</u>
---	--------------------------

The accompanying notes are an integral part of this statement.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE A - ESTABLISHMENT AND PURPOSE OF THE DWTRLF

The 1996 Amendments of the Safe Drinking Water Act (the Act), authorizes the Environmental Protection Agency (EPA) to make capitalization grants to states for the purpose of providing loans and other types of financial assistance to public water supply systems for drinking water infrastructure. The Act authorizes loan funding for construction of public drinking water systems. Under the Act, the State of Hawaii (State) will receive up to \$54 million of Safe Drinking Water State Revolving Fund capitalization grants until the year 2003.

The 1997 State Legislature established a Drinking Water Treatment Revolving Loan Fund (DWTRLF) to receive the federal capitalization grants. The DWTRLF is intended to provide loans in perpetuity to public drinking water systems for the construction of drinking water treatment facilities. Such loans may be at or below market interest rates and must be fully amortized within twenty years, with the first repayment of principal and interest occurring no later than one year after the notice to proceed for construction or the final agreement date, whichever is later.

The DWTRLF includes the operations of the Drinking Water Treatment Revolving Loan Funds and the Set-Asides Program Funds. The Set-Aside Programs accounts for Safe Drinking Water set asides, including administrative grant proceeds and loan fees.

Set Asides

The Safe Drinking Water Act allows the states to “set aside” up to thirty-one percent (31%) of the annual capitalization grant for prevention program and administration. 1. Up to fifteen percent (15%) (no more than 10% for any one purpose) may be used for prevention projects in water system, including source water protection loans, technical and financial aid for capacity, source water assessments, and wellhead protection. 2. Up to four percent (4%) of the Department of Health’s capitalization grants may be used for administrative costs for loan service. 3. Up to ten percent (10%) of the capitalization grants may be used to run the State’s public water system supervision program. 4. Finally, up to two percent (2%) of the Department’s capitalization grant each year may be used for an operator training and technical assistance set aside to aid small community systems.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2002

NOTE B - ACCOUNTING POLICIES

1. Financial Statement Presentation

The financial statements are intended to present the financial position and results of operations of only that portion of the funds of the Department of Health, State of Hawaii that is attributable to the transactions of the Fund.

The accompanying financial statements of the Fund have been prepared in conformity with accounting principles generally accepted in the United States of America prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB issued Statement 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments. This Statement establishes new financial reporting requirements for state and local governments in the United States of America. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected. The Department is required to implement these standards for the fiscal year ended June 20, 2002.

Other GASB Statements are required to be implemented in conjunction with Statement 34. Therefore, the Department has implemented the following GASB Statements in the current fiscal year: Statement 36, Recipient Reporting for Certain Shared Nonexchange Revenues, Statement 37, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments: Omnibus and Statement 38, Certain Financial Statement Note Disclosures.

2. Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are reported when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds have the option under GASB 24, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2002

NOTE B - ACCOUNTING POLICIES (continued)

Fund Accounting, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Fund has elected to not apply FASB statements after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the Fund are interest income and administrative loan fees on loans made to county governments. Federal grants and interest income from investments are reported as nonoperating income.

Net assets are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally, it is management's policy to use restricted resources first, then unrestricted resources as they are needed.

3. Capital Assets

Capital assets, which includes property and equipment, are reported in financial statements. Management capitalizes equipment if the cost is in excess of \$1,000 and the useful life exceeds one year.

Purchased capital assets are valued at cost. Donated assets are recorded at their fair market value at the date of donation.

Depreciation expense is recorded in the financial statements. The straight-line method is utilized over the assets' estimated useful life. Generally, the useful life used for equipment is three years.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2002

NOTE B - ACCOUNTING POLICIES (continued)

4. Administration Costs

The accompanying financial statements do not reflect certain administration costs incurred which are paid for by other sources of funding from DOH. These costs include the DOH's and State's overhead which the DOH does not assess to the SRF.

5. Fund Accounts

The Fund consists of the State Revolving Fund (SRF) and non-SRF activity. The SRF activity consists exclusively of the state match, federal capitalization grant loans, principal loan repayments, and interest from loans and investments. Non-SRF activity consists of administration loan fees and federal set aside funds.

6. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2002

NOTE C - CASH AND CASH EQUIVALENTS

All monies of the Fund are deposited into the State Treasury. The State Director of Finance is responsible for the safekeeping of cash in the State Treasury in accordance with State laws. The Director of Finance may invest any monies of the State, which in the Director's judgment are in excess of the amounts necessary for meeting the immediate requirements of the State. Effective August 1, 1999, cash is pooled with funds from other State agencies and departments and deposited into approved financial institutions or participates in the State Treasury Investment Pool System. Cash accounts that participate in the investment pool accrue interest based on the average weighted cash balances of each account.

The State requires that the depository banks pledge, as collateral, government securities held in the name of the State for deposits not covered by federal deposit insurance.

Investments can be categorized to give an indication of the level of risk assumed by the Fund. Category 1 includes investments that are insured or for repurchase agreements, collateralized by underlying securities that are so held. Category 2 includes uninsured and unregistered investments for which the broker-dealer in the Fund's name holds the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker-dealer but not in the Fund's name.

Since all of the Fund's cash is included in the State cash pool, the category of risk is not determinable at the Fund level.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund  
NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2002

NOTE D - LOANS RECEIVABLE

At June 30, 2002, the DWTRLF had loans receivable from the following government entities:

One loan receivable from  
County of Kauai, Board of Water Supply; due  
in semi-annual payments,  
including interest at 1.37%  
commencing not later than one year  
after project completion or notice to  
proceed. Final payment is due not  
later than twenty years after project  
completion. \$1,610,522.45

One loan receivable from  
County of Maui, Board of Water Supply; due  
in semi-annual payments,  
including interest at 1.55%  
commencing not later than one year  
after project completion or notice to  
proceed. Final payment is due not  
later than twenty years after project  
completion. \$7,166,103.04

One loan receivable from  
County of Hawaii, Water Board; due  
in semi-annual payments,  
including interest at 1.37%  
commencing not later than one year  
after project completion or notice to  
proceed. Final payment is due not  
later than twenty years after project  
completion. \$ 718,383.70

\$9,495,009.19



As of June 30, 2002, accrued interest receivable, accrued administration loan fee as program income, and accrued administration loan fee as non-program income on loans totaled \$131,423.67, \$164,837.35, and \$95,308.45 respectively.

As of June 30, 2002, the DWTRLF has committed to make additional loans to the following government entities:

Board of Water Supply, County of Kauai	<u>\$2,036,174.00</u>
Total	<u>\$2,036,174.00</u>

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2002

NOTE C - FEDERAL FUNDING AND STATE MATCH

The Fund is capitalized by grants from EPA authorized by Title VI of the Act with matching funds from the State. As of June 30, 2002, EPA has awarded \$34,900,900.00 to the State, of which \$9,541,640.24 has been drawn for loans and set asides. The State has legislated matching funds of \$8,538,000.00, of which \$3,117,654.16 has been utilized. The following summarizes the capitalization grants awarded, amounts drawn on each grant, and the balances available for future activity as of June 30, 2002:

Budget Period		Amount	DWTRLF Cash Draws	EPA Draws (deducted prior to issuance of cap grant)	Funds Available
12/05/97 - 09/30/05	97	\$ 12,558,800.00	\$ 9,023,541.32		\$ 3,535,258.68
09/24/98 - 09/30/06	98	\$ 7,121,300.00	\$ 384,618.00		\$ 6,736,682.00
02/04/00 - 09/30/07	99	\$ 7,463,800.00	\$ -		\$ 7,463,800.00
02/26/01 - 06/30/08	00	\$ 7,757,000.00	\$ -	\$ 75,000.00	\$ 7,757,000.00
		\$ 34,900,900.00	\$ 9,408,159.32	\$ 75,000.00	\$ 25,492,640.668

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund  
NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2002

NOTE C - FEDERAL FUNDING AND STATE MATCH (Continued)

The following is the State Match for each EPA Capitalization Grants for the DWTRLF.

Federal Fiscal Year	Source of State Funds		20% State Match Amount
97	Act 328/97		\$ 2,511,760.00
98	Act 116/98		\$ 1,424,260.00
99	Act 091/99		\$ 1,492,760.00
00	Act 091/99	\$ 28,400.00	
	Act 281/00	\$ 1,523,000.00	
	Total 00 Match		\$ 1,551,400.00
01	Act 328/97	\$ 603,240.00	
	Act 259/01	\$ 954,580.00	
	Total 01 Match		\$ 1,557,820.00
	Total 20% State Match		\$ 8,538,000.00

## SUPPLEMENTARY INFORMATION

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCE

Year ended June 30, 2002

	SRF Activity	Non SRF Activity	Total
<b>RECEIPTS</b>			
Principal repayments	\$ 405,628.22	\$ -	\$ 405,628.22
Interest earnings	129,256.34	-	129,256.34
State contribution	1,551,000.00	-	1,551,000.00
Federal contribution	2,246,258.10	597,696.61	2,843,954.71
Administration loan fee, program	-	182,470.24	182,470.24
Administration loan fee, non-program	-	95,876.53	95,876.53
Due from other program	-	37,000.00	37,000.00
Investment interest	271,613.33	-	271,613.33
<b>Total Receipts</b>	<b>4,603,755.99</b>	<b>913,043.38</b>	<b>5,516,799.37</b>
<b>DISBURSEMENTS</b>			
Loan proceeds	2,382,220.58	-	2,382,220.58
Administrative (425)	-	1,616.96	1,616.96
Administrative (430)	-	66.83	66.83
Administrative (4%) (426)	-	281,615.85	281,615.85
Administrative Technical Assistance (4%) (432)	-	498.83	498.83
State Program Management (10%) (427)	-	193,317.68	193,317.68
Source Water Protection (10%) (433)	-	49.99	49.99
Capacity Development (10%) (434)	-	731.54	731.54
Operator Certification (10%) (435)	-	3,055.52	3,055.52
Small Systems Technical Assistance (2%) (428)	-	146.75	146.75
Water Protection Program (15%) (429)	-	132,203.18	132,203.18
Wellhead Protection Program (15%) (436)	-	1,430.00	1,430.00
Technical or Financial Assistance to PWS's (15%) (437)	-	96,750.00	96,750.00
<b>Total Disbursements</b>	<b>2,382,220.58</b>	<b>711,483.13</b>	<b>3,093,703.71</b>
<b>EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>2,221,535.41</b>	<b>201,560.25</b>	<b>2,423,095.66</b>
 Cash Balance at July 1, 2001	 5,638,857.49	 182,563.20	 5,821,420.69
Advance Funds to PWSS and Groundwater Programs		(140,007.22)	(140,007.22)
 Cash Balance at June 30 2002	 <u>\$ 7,860,392.90</u>	 <u>\$ 244,116.23</u>	 <u>\$ 8,104,509.13</u>

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund  
COMBINING STATEMENT OF NET ASSETS

June 30, 2002

	<u>Total</u>	<u>SRF Activity</u>	<u>Non SRF Activity</u>
<b>ASSETS</b>			
Current Assets			
Cash in State Treasury (Note B)	\$ 8,104,509.13	\$ 7,860,306.60	\$ 244,202.53
Total Cash in State Treasury	<u>\$ 8,104,509.13</u>	<u>\$ 7,860,306.60</u>	<u>\$ 244,202.53</u>
Due from other fund - 376 PWSSP	\$ 68,000.00	\$ -	\$ 68,000.00
Due from other fund - 351 ERO Drinking Water	2,000.00	-	2,000.00
Due from other Fund - 377 Ground Water Protection	69,986.58	-	69,986.58
Due from other Fund - 352 Ground Water Protection	-	-	-
Accrued Interest Receivable (Note D)	16,853.82	16,853.82	
Accrued Loan Fee Receivable	12,342.25	-	12,342.25
Current maturities of loans receivable (note D)	460,388.01	460,388.01	
<b>Total Current Assets</b>	<u>\$ 8,734,079.79</u>	<u>\$ 8,337,548.43</u>	<u>\$ 396,531.36</u>
Loan Receivable	<u>\$ 9,034,534.88</u>	<u>\$ 9,034,534.88</u>	<u>\$ -</u>
Other Assets			
Office Equipment	\$ 271,057.76	\$ -	\$ 271,057.76
Less: Accumulated Depreciation	(118,619.77)	-	(118,619.77)
Total Office Equipment	152,437.99	-	152,437.99
Transportation Equipment	47,233.06	-	47,233.06
Less: Accumulated Depreciation	(47,233.06)	-	(47,233.06)
Total Transportation Equipment	-	-	-
<b>Total Other Assets</b>	<u>\$ 152,437.99</u>	<u>\$ -</u>	<u>\$ 152,437.99</u>
<b>TOTAL ASSETS</b>	<u>\$ 17,921,052.66</u>	<u>\$ 17,372,083.31</u>	<u>\$ 548,969.35</u>
<b>LIABILITIES &amp; EQUITY</b>			
Liabilities			
Current Liabilities			
Accounts Payable	-	-	-
Payroll payable	\$ 7,949.52	\$ -	\$ 7,949.52
Total Accounts Payable	<u>\$ 7,949.52</u>	<u>\$ -</u>	<u>\$ 7,949.52</u>
Total Current Liabilities	<u>\$ 7,949.52</u>	<u>\$ -</u>	<u>\$ 7,949.52</u>
<b>Total Liabilities</b>	<u>\$ 7,949.52</u>	<u>\$ -</u>	<u>\$ 7,949.52</u>
Net assets			
Invested in capital assets accounts Payable			
Restricted	\$ 17,913,103.14	\$ 17,372,169.61	\$ 540,933.53
Unrestricted			
Total net assets	<u>\$ 17,913,103.14</u>	<u>\$ 17,372,169.61</u>	<u>\$ 540,933.53</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 17,921,052.66</u>	<u>\$ 17,372,169.61</u>	<u>\$ 548,883.05</u>

The accompanying notes are an integral part of this statement.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS  
For the Year ended June 30, 2002

	<u>Total</u>	<u>SRF Activity</u>	<u>Non SRF Activity</u>
Revenues			
Interest earnings from Loans (Note B)	\$ 131,423.67	\$ 131,423.67	
Administration loan fee earnings (Note B)	260,145.80	-	260,145.80
Total Revenues	<u>\$ 391,569.47</u>	<u>\$ 131,423.67</u>	<u>\$ 260,145.80</u>
Expenses by Program Activities:			
Loan Program Administrative - 4% set-aside	\$ 278,202.62	-	\$ 278,202.62
Admin. Technical Assistant 4% set-aside	498.83	-	498.83
State Program Management - 10% set-aside	67,622.61	-	67,622.61
Source Water Protection 10% set-aside	49.99	-	49.99
Capacity Development 10% set-aside	731.54	-	731.54
Operator Certification 10% set-aside	3,055.52	-	3,055.52
Water Protection Program - 15% set-aside	113,743.18	-	113,743.18
Wellhead Protection Program 15% set-aside	1,430.00	-	1,430.00
Technical or Financial Assistance 15% set-aside	96,750.00	-	96,750.00
Admin Loan Fee - Program	1,616.96	-	1,616.96
Admin Loan Fee - Non Program	66.83	-	66.83
Small Systems Technical Assistance - 2% set-aside	6.75	-	6.75
Total Expenses	<u>\$ 563,774.83</u>	<u>\$ -</u>	<u>\$ 563,774.83</u>
EXPENSES (OVER)/UNDER REVENUES	<u>\$ (172,205.36)</u>	<u>\$ 131,423.67</u>	<u>\$ (303,629.03)</u>
Non-operating Revenues			
Federal contribution	\$ 2,843,954.71	\$ 2,246,258.10	\$ 597,696.61
State matching contribution	1,551,000.00	1,551,000.00	-
Interest earnings from Investment (Note B)	271,613.33	271,613.33	-
Total Non-operating Revenues	<u>\$ 4,666,568.04</u>	<u>\$ 3,797,258.10</u>	<u>\$ 597,696.61</u>
EXCESS REVENUES OVER EXPENSES	<u>\$ 4,494,362.68</u>	<u>\$ 3,928,681.77</u>	<u>\$ 294,067.58</u>
Net assets at July 1, 2001	\$ 13,418,740.46	\$ 475,343.59	\$ (271,056.08)
Net assets at June 30, 2002	<u>\$ 17,913,103.14</u>	<u>\$ 4,404,025.36</u>	<u>\$ 23,011.50</u>

The accompanying notes are an integral part of this statement.

## SCHEDULES OF SET-ASIDES PROGRAM ACTIVITIES EXPENSES



State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

SCHEDULE OF SET-ASIDE ACTIVITIES EXPENSES

Year ended June 30,

	2002		
	4%	4%	
	Administrative	Administrative	
	Cost	Technical Assistance	
	426	432	TOTAL
Personnel	\$ 254,519.25	\$ 498.83	\$ 255,018.08
Office and Other Supplies	1,547.76	-	1,547.76
Telephone	780.60	-	780.60
Advertising and Printing	864.04	-	864.04
Travel	4,191.34	-	4,191.34
Repairs and Maintenance	(9.26)	-	(9.26)
Equipment	800.02	-	800.02
Professional Services	-	-	-
Rental	947.85	-	947.85
Training	680.00	-	680.00
Miscellaneous	251.20	-	251.20
IPA Expenses	-	-	-
Drugs and Biologics	-	-	-
Dues and Subscriptions	-	-	-
Postage	-	-	-
Personal Services Rendered by	-	-	-
Other State Dept. and Agencies	13,000.00	-	13,000.00
Non-State Employee Services	-	-	-
on a Fee Basis	-	-	-
Insurance	-	-	-
Other Current Expenditures	-	-	-
Depreciation - Office Equipment	629.82	-	629.82
<b>TOTAL EXPENSES</b>	<b>\$ 278,202.62</b>	<b>\$ 498.83</b>	<b>\$ 278,701.45</b>

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

SCHEDULE OF SET-ASIDE ACTIVITIES EXPENSES

Year ended June 30,

	2002				
	10% State Program Management 427	10% Source Water Protection 433	10% Capacity Development 434	10% Operator Certification 435	TOTAL
Personnel	\$ 1,645.61	\$ -	\$ 297.54	\$ -	\$ 1,943.15
Office and Other Supplies	27,260.47	-	-	2,200.00	29,460.47
Telephone	-	-	-	-	-
Advertising and Printing	55.00	-	-	560.52	615.52
Travel	10,831.88	49.99	434.00	245.00	11,560.87
Repairs and Maintenance	14,922.00	-	-	-	14,922.00
Equipment	(594.46)	-	-	-	(594.46)
Professional Services	-	-	-	-	-
Rental	-	-	-	-	-
Training	(34,163.05)	-	-	50.00	(34,113.05)
Miscellaneous	(23,151.03)	-	-	-	(23,151.03)
IPA Expenses	-	-	-	-	-
Drugs and Biologics	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-
Postage	-	-	-	-	-
Personal Services Rendered by	5,552.88	-	-	-	5,552.88
Other State Dept. and Agencies	34,725.05	-	-	-	34,725.05
Non-State Employee Services	-	-	-	-	-
on a Fee Basis	-	-	-	-	-
Insurance	-	-	-	-	-
Other Current Expenditures	-	-	-	-	-
Depreciation - Office Equipment	30,538.26	-	-	-	30,538.26
					-
					-
TOTAL EXPENSES	<u>\$ 67,622.61</u>	<u>\$ 49.99</u>	<u>\$ 731.54</u>	<u>\$ 3,055.52</u>	<u>\$ 71,459.66</u>

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

SCHEDULE OF SET-ASIDE ACTIVITIES EXPENSES

Year ended June 30,

	2002			
	15% Water Protection Program 429	15% Wellhead Protection Program 436	15% Technical or Financial Assistance to PWs 437	TOTAL
Personnel	\$ 29,195.01	\$ -	\$ -	\$ 29,195.01
Office and Other Supplies	241.65	1,430.00	-	1,671.65
Telephone	-	-	-	-
Advertising and Printing	-	-	-	-
Travel	3,815.24	-	-	3,815.24
Repairs and Maintenance	-	-	-	-
Equipment	55.75	-	-	55.75
Professional Services	-	-	104,650.00	104,650.00
Rental	(18,460.00)	-	-	(18,460.00)
Training	470.00	-	(7,900.00)	(7,430.00)
Miscellaneous	18,460.00	-	-	18,460.00
IPA Expenses	-	-	-	-
Drugs and Biologics	-	-	-	-
Dues and Subscriptions	-	-	-	-
Postage	-	-	-	-
Personal Services Rendered by	79,965.53	-	-	79,965.53
Other State Dept. and Agencies	-	-	-	-
Non-State Employee Services	-	-	-	-
on a Fee Basis	-	-	-	-
Insurance	-	-	-	-
Other Current Expenditures	-	-	-	-
Depreciation - Office Equipment	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 113,743.18</b>	<b>\$ 1,430.00</b>	<b>\$ 96,750.00</b>	<b>\$ 211,923.18</b>

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

SCHEDULE OF SET-ASIDE ACTIVITIES EXPENSES

Year ended June 30,

	2002	
	2% Small Systems Technical Assistance 428	TOTAL
Personnel	\$ -	\$ -
Office and Other Supplies	-	-
Telephone	-	-
Advertising and Printing	-	-
Travel	-	-
Repairs and Maintenance	-	-
Equipment	-	-
Professional Services	-	-
Rental	-	-
Training	-	-
Miscellaneous	6.75	6.75
IPA Expenses	-	-
Drugs and Biologics	-	-
Dues and Subscriptions	-	-
Postage	-	-
Personal Services Rendered by	-	-
Other State Dept. and Agencies	-	-
Non-State Employee Services	-	-
on a Fee Basis	-	-
Insurance	-	-
Other Current Expenditures	-	-
Depreciation - Office Equipment	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 6.75</b>	<b>\$ 6.75</b>

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

SCHEDULE OF SET-ASIDE ACTIVITIES EXPENSES

Year ended June 30,

	2002		
	Administrative Fee - Program Income 425	Administrative Fee - Non Program Income 430	TOTAL
Personnel	\$ 1,616.96	\$ 66.83	\$ 1,683.79
Office and Other Supplies	-	-	-
Telephone	-	-	-
Advertising and Printing	-	-	-
Travel	-	-	-
Repairs and Maintenance	-	-	-
Equipment	-	-	-
Professional Services	-	-	-
Rental	-	-	-
Training	-	-	-
Miscellaneous	-	-	-
IPA Expenses	-	-	-
Drugs and Biologics	-	-	-
Dues and Subscriptions	-	-	-
Postage	-	-	-
Personal Services Rendered by Other State Dept. and Agencies	-	-	-
Non-State Employee Services on a Fee Basis	-	-	-
Insurance	-	-	-
Other Current Expenditures	-	-	-
Depreciation - Office Equipment	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,616.96</b>	<b>\$ 66.83</b>	<b>\$ 1,683.79</b>

## ADDITIONAL REFERENCE

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund  
LOANS RECEIVABLE  
Year ended June 30, 2002

Project Number	Executed loan agreements	Loan Amount	Federal Loan receivable as of July 1, 2001	State Loan receivable as of July 1, 2001	Federal amount disbursed July 1, 2001- June 30, 2002	State amount disbursed July 1, 2001- June 30, 2002	Federal principal repayment July 1, 2001- June 30, 2002	State principal repayment July 1, 2001- June 30, 2002	Federal loans receivable	State loans receivable
101-0001	Saddle Road Well "A"	\$ 1,717,380.00 *	-	-	-	-	-	-	-	-
107-0001	Kaieie Mauka	\$ 421,129.00								
109-0001	Pahala Well "B"	\$ 375,677.00								
130-0001	Waimea TP Upgrades, Ph. II	\$ 739,210.00	-	-	739,210.00	-	20,826.30	-	718,383.70	-
133-0001	Kukuihaele Well "A"	\$ 365,285.00								
139-0001	Makapala Well	\$ 246,355.00								
213-0001	Kamole Water TP	\$ 7,840,087.00	7,518,330.53	-	-	-	352,227.49	-	7,166,103.04	-
404-0001	Rehab., Hanapepe-Ellele WS	\$ 691,134.00								
404-0002	Replace Pipeline at Hanapepe	\$ 1,345,040.00								
406-0001	Kekaha Well	\$ 1,097,536.00								
410-0001	Dam. Repairs to Kokolau Tun.	\$ 1,755,329.00	-	-	1,643,096.88	-	32,574.43 ^	-	1,610,522.45	-
Total		\$ 16,594,162.00	\$ 7,518,330.53	\$ -	\$ 2,382,306.88	\$ -	\$ 405,628.22	\$ -	\$ 9,495,009.19	\$ -
Rounding		\$ 16,594,162	\$ 7,518,331	\$ -	\$ 2,382,307	\$ -	\$ 405,628	\$ -	\$ 9,495,009	\$ -

\* Executed Final Loan Agreements in State Fiscal Year 2002 changed the loan amount from the previous year.  
Proj. No. 101-0001 From \$2,198,992.00 to \$1,717,380.00

^ The official due date for Repayment #1 was July 15, 2002 (SFY 2003), however repayment was received and posted a month early with principal repayment of \$32,574.43 included in June 2002's FAMIS report (SFY 2002).

Project Number	C&C		Hawaii		Maui		Kauai	
	Federal loans receivable	State loans receivable	Federal loans receivable	State loans receivable	Federal loans receivable	State loans receivable	Federal loans receivable	State loans receivable
101-0001			-	-				
107-0001								
109-0001								
130-0001			718,383.70	-				
133-0001								
139-0001								
213-0001					7,166,103.04	-		
404-0001								
404-0002								
406-0001								
410-0001							1,610,522.45	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 718,383.70</u>	<u>\$ -</u>	<u>\$ 7,166,103.04</u>	<u>\$ -</u>	<u>\$ 1,610,522.45</u>	<u>\$ -</u>



State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

INTEREST TABULATION

Year ended June 30, 2002

	SFY 01 Accrued Interest Receivable	+	SFY 02 Interest Earnings	+	Adjustment	=	SFY 02 Adjusted Interest Earnings*	-	SFY 02 Interest Payments	=	SFY 02 Interest Accrued Receivable
130-0001	\$0.00		\$5,229.46		\$0.00		\$5,229.46		\$1,858.96		\$3,370.50
213-0001	\$14,686.49		\$114,501.26		\$0.00		\$114,501.26		\$115,189.31		\$13,998.44
410-0001	\$0.00		\$11,692.96		(\$0.01)		\$11,692.95		\$12,208.07 **		(\$515.12)
	<u>\$14,686.49</u>		<u>\$131,423.68</u>		<u>(\$0.01)</u>		<u>\$131,423.67</u>		<u>\$129,256.34</u>		<u>\$16,853.82</u>

Notes: \* The SFY 02 Adjusted Interest Earnings is the sum of the SFY 02 Interest Earnings and Adjustment columns.

\*\* Repayment #1 for DW410-0001 was received and posted in June 2002 (SFY02), instead of the scheduled repayment date of July 15, 2002 (SFY03). Therefore, the \$12,208.07 representing the interest portion of Repayment #1 is being posted to "SFY02 Interest Payments" rather than SFY03.

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

ADMINISTRATIVE LOAN FEE TABULATION

Year ended June 30, 2002

	SFY 01 Program Accrued Loan Fees Receivable	+	SFY 02 Program Loan Fees Earnings	+	Program Adjustment	=	SFY 02 Program Adjusted Loan Fees Earnings	-	SFY 02 Program Loan Fees Payments	=	SFY 02 Program Accrued Receivable	SFY 01 Non-Program Accrued Loan Fees Receivable	+	SFY 02 Non-Program Loan Fees Earnings	+	Non-Program Adjustment	=	SFY 02 Non-Program Adjusted Loan Fees Earnings	-	SFY 02 Non-Program Loan Fees Payments	=	SFY 02 Non-Program Loan Fees Accrued Receivable	SFY 02 Total Loan Fees Accrued Receivable
DW130-0001	\$0.00		\$20,074.13		\$0.00		\$20,074.13		\$12,012.16		\$8,061.97	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	\$8,061.97
DW213-0001	\$18,417.56		\$144,763.22		\$0.00		\$163,180.78		\$145,626.07		\$17,554.71	\$12,125.66		\$95,308.45		\$0.00		\$107,434.11		\$95,876.53		\$11,557.58	\$29,112.29
DW410-0001	\$0.00		\$0.00		\$0.00		\$0.00		\$24,832.01		(\$24,832.01)	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	(\$24,832.01)
	<u>\$18,417.56</u>		<u>\$164,837.35</u>		<u>\$0.00</u>		<u>\$183,254.91</u>		<u>\$182,470.24</u>	<sup>^</sup>	<u>\$784.67</u>	<u>\$12,125.66</u>		<u>\$95,308.45</u>		<u>\$0.00</u>		<u>\$107,434.11</u>		<u>\$95,876.53</u>	<sup>^</sup>	<u>\$11,557.58</u>	<u>\$12,342.25</u>

Notes:

Repayment #1 was received and posted in June 2002 (SFY02), instead of the scheduled repayment date of July 15, 2002 (SFY02).  
Therefore, the \$24,832.01 representing the loan fee portion is being posted to "SFY02 Loan Fees Payments" of the SFY02 Loan Fee Tabulation report rather than SFY03.

<sup>^</sup> Total (Program & Non-Program) SFY02 Loan Fee Payments (\$278,346.77) matches the FAMIS transaction total (\$278,346.77) from MBP453-B run page 5,232, source 1136.

## SCHEDULE OF ENCUMBRANCES

		420				421	426 Admin	425 Loan Fee	430 Loan Fee									
		Federal SRF	422 Account	423 Account	424 Account	State Match	Administrative	Program	Non-Program	432 Account	427 Account	433 Account	434 Account	435 Account	428 Account	429 Account	436 Account	437 Account
101-0001	Saddle Road Well "A"	\$ 1,717,380.00	✓ \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
107-0001	Kaieie Mauka	337,014.00	✓ -	-	-	84,115.00	✓ -	-	-	-	-	-	-	-	-	-	-	-
109-0001	Pahala Well "B"	300,743.00	✓ -	-	-	74,934.00	✓ -	-	-	-	-	-	-	-	-	-	-	-
130-0001	Waimea TP Upgrades-Ph. II	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
133-0001	Kukuihaele Well "A"	292,424.00	✓ -	-	-	72,861.00	✓ -	-	-	-	-	-	-	-	-	-	-	-
139-0001	Makapala Well	197,218.00	✓ -	-	-	49,137.00	✓ -	-	-	-	-	-	-	-	-	-	-	-
213-0001	Kamole Water TP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
406-0001	Kekaha Well	877,066.00	✓ -	-	-	220,470.00	✓ -	-	-	-	-	-	-	-	-	-	-	-
410-0001	Dam. Repairs to Kokolau Tun.	89,845.98	✓ -	-	-	22,386.14	✓ -	-	-	-	-	-	-	-	-	-	-	-
Administrative:																		
	Personnel	-	-	-	-	-	15,172.00	^ -	-	-	-	-	-	-	-	-	-	-
	Other Expenditures	-	-	-	-	-	1,239.28	^ 13,000.00	^ -	-	140,554.08	^ -	30.00	^ -	-	313,029.07	^ -	379,350.00
	TOTAL	\$ 3,811,690.98	^ \$ -	^ \$ -	^ \$ -	^ \$ 523,903.14	^ \$ 16,411.28	^ \$ 13,000.00	^ \$ -	^ \$ -	^ \$ 140,554.08	^ \$ -	^ \$ 30.00	^ \$ -	^ \$ -	^ \$ 313,029.07	^ \$ -	^ \$ 379,350.00

The following is a list of encumbered projects that were unencumbered as of 6/30/02:

Page 1

**ATTACHMENT 4**

**ACH DRAWDOWNS**

**SRF ACH Drawdown  
ACH Drawdown for Each Fiscal Year**

<b>FY 1998</b>	\$0.00
<b>FY 1999</b>	\$0.00
<b>FY 2000</b>	\$ 4,199,142.00
<b>FY 2001</b>	\$ 525,945.00
<b>FY 2002</b>	\$ 2,246,258.10

\* Totals do not include Set-Aside Expenses

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

ACH DRAWDOWNS

June 30, 2002

CAP GRANT FUNDS AVAILABLE

(Project Drawdowns based on actual payment amounts from Funding Log Book)

(Project Drawdowns based on actual payment amounts from Funding Log Book)										ACH				
		Grant ACH Payment		Cumulative ACH Payment		ACH Drawdowns			Available ACH Funds		Drawdowns State Fiscal Year Total		Federal Contribution	
		=====		=====		=====			=====		=====		=====	
FY 1998														
Q1	OCT	\$3,482,974	'97	\$3,482,974					\$3,482,974					
	NOV	\$0		\$3,482,974					\$3,482,974					
	DEC	\$0		\$3,482,974					\$3,482,974					
Q2	JAN'98	\$2,852,941	'97	\$6,335,915					\$6,335,915					
	FEB	\$0		\$6,335,915					\$6,335,915					
	MAR	\$0		\$6,335,915					\$6,335,915					
Q3	APR	\$2,222,908	'97	\$8,558,823	'97	\$12,000.00	4%	\$8,546,823						
				\$8,558,823	'97	\$1,847.13	4%	\$8,544,976						
				\$8,558,823	'97	\$15,842.17	10%	\$8,529,134						
				\$8,558,823	'97	\$13,241.70	15%	\$8,515,892						
	MAY	\$0	\$8,558,823	'97	\$3,317.87	4%	\$8,512,574							
			\$8,558,823	'97	\$1,119.90	10%	\$8,511,454							
			\$8,558,823	'97	\$6,562.23	15%	\$8,504,892							
	JUN	\$0	\$8,558,823				\$8,504,892	\$53,931.00	\$53,931.00					
	Q4	JUL	\$1,592,874	'97	\$10,151,697				\$10,097,766					
AUG		\$0	\$10,151,697	'97	\$1,404.18	10%	\$10,096,362							
			\$10,151,697	'97	\$17,819.51	4%	\$10,078,542							
			\$10,151,697	'97	\$6,061.31	15%	\$10,072,481							
SEPT		\$0	\$10,151,697				\$10,072,481							
FY 1999														
Q1	OCT	\$962,841	'97	\$11,114,538	'97	\$5,130.18	4%	\$11,030,192						
		\$614,212	'98	\$11,728,750	'97	\$44,999.82	15%	\$11,599,404						
	NOV	\$0	\$11,728,750				\$11,599,404							
	DEC	\$0	\$11,728,750	'97	\$4,954.96	4%	\$11,594,449							
			\$11,728,750	'97	\$1,372.95	10%	\$11,593,076							
			\$11,728,750	'97	\$7,672.09	15%	\$11,585,404							
			\$11,728,750	'97	\$29,185.00	15%	\$11,556,219							
Q2	JAN'99	\$722,131	'97	\$12,450,881				\$12,278,350						
		\$614,212	'98	\$13,065,093				\$12,892,562						
	FEB	\$0	\$13,065,093	'97	\$12,548.70	4%	\$12,880,013							
			\$13,065,093	'97	\$760.53	10%	\$12,879,253							
			\$13,065,093	'97	\$16,290.77	15%	\$12,862,962							
	MAR	\$0	\$13,065,093	'97	\$10,333.37	15%	\$12,852,629							
			\$13,065,093	'97	\$4,091.55	4%	\$12,848,537							
\$13,065,093			'97	\$579.08	10%	\$12,847,958								
Q3	APR	\$481,421	'97	\$13,546,514	'97	\$16,419.00	4%	\$13,312,960						
		\$1,197,270	'98	\$14,743,784	'97	\$1,839.00	10%	\$14,508,391						
				\$14,743,784	'97	\$30,233.00	15%	\$14,478,158						
	MAY	\$0	\$14,743,784				\$14,478,158							
			\$14,743,784	'97	\$17,884.11	4%	\$14,460,274							
	JUN	\$0	\$14,743,784	'97	\$37,435.94	10%	\$14,422,838							
			\$14,743,784	'97	\$3,000.41	2%	\$14,419,838							
			\$14,743,784	'97	\$21,079.54	15%	\$14,398,758	\$291,095.00	\$291,095.00					

CAP GRANT FUNDS AVAILABLE (Continue) Page 2

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

ACH DRAWDOWNS

June 30, 2002

		Grant ACH Payment =====	Cumulative ACH Payment =====	ACH Drawdowns =====		Available ACH Funds =====	ACH Drawdowns State Fiscal Year Total =====	Federal Contribution =====
Q4	JUL	\$240,710 '97	\$14,984,494 '97	\$44,233.00	10%	\$14,595,235		
		\$1,197,270 '98	\$16,181,764			\$15,792,505		
	AUG	\$0	\$16,181,764			\$15,792,505		
	SEPT	\$0	\$16,181,764 '97	\$21,641.44	4%	\$15,770,864		
			\$16,181,764 '97	\$29,013.56	15%	\$15,741,850		
			\$16,181,764 '97	\$5,435.99	4%	\$15,736,414		
			\$16,181,764 '97	\$11,644.06	10%	\$15,724,770		
			\$16,181,764 '97	\$8,002.95	15%	\$15,716,767		
FY 2000								
Q1	OCT	\$1,166,112 '98	\$17,347,876 '97	\$15,334.05	4%	\$16,867,545		
			\$17,347,876 '97	\$68.42	10%	\$16,867,477		
			\$17,347,876 '97	\$6,624.53	15%	\$16,860,852		
	NOV	\$0	\$17,347,876 '97	\$6,289.52	4%	\$16,854,562		
			\$17,347,876 '97	\$44,108.27	10%	\$16,810,454		
			\$17,347,876 '97	\$6,012.21	15%	\$16,804,442		
	DEC	\$0	\$17,347,876 '97	\$32,099.06	4%	\$16,772,343		
			\$17,347,876 '97	\$17,611.54	10%	\$16,754,731		
			\$17,347,876 '97	\$23,807.40	15%	\$16,730,924		
			\$17,347,876 '97	\$57,000.00	10%	\$16,673,924		
Q2	JAN'00	\$1,166,112 '98	\$18,513,988 '97	\$19,945.00	10%	\$17,820,091		
		\$760,000 '99	\$19,273,988 '97	\$13,900.00	10%	\$18,566,191		
	FEB	\$0	\$19,273,988 '97	\$15,000.00	10%	\$18,551,191		
			\$19,273,988 '97	\$53,900.00	10%	\$18,497,291		
			\$19,273,988 '97	\$50,300.00	15%	\$18,446,991		
			\$19,273,988 '97	\$4,199,142.00	213-0001	\$14,247,849		
			\$19,273,988 '97	\$13,800.00	10%	\$14,234,049		
	MAR	\$0	\$19,273,988 '97	\$14,000.00	10%	\$14,220,049		
			\$19,273,988 '97	\$14,200.00	10%	\$14,205,849		
Q3	APR	\$1,166,112 '98	\$20,440,100 '97	\$16,700.00	10%	\$15,355,261		
		\$1,040,000 '99	\$21,480,100 '97	\$15,500.00	10%	\$16,379,761		
	MAY	\$0	\$21,480,100 '97	\$16,000.00	10%	\$16,363,761		
			\$21,480,100 '97	\$14,207.63	4%	\$16,349,553		
			\$21,480,100 '97	\$13,419.17	10%	\$16,336,134		
			\$21,480,100 '97	\$37,373.20	15%	\$16,298,761		
			\$21,480,100 '97	\$14,100.00	10%	\$16,284,661		
	JUN	\$0	\$21,480,100 '97	\$13,660.00	10%	\$16,271,001		
			\$21,480,100 '97	\$18,400.00	10%	\$16,252,601	\$4,882,473.00	\$4,640,268.00
			\$21,480,100	(\$242,205.00)	Adjust	\$16,494,806	\$4,640,268.00 ^^	\$4,640,268.00

**NOTE:**

^^ \$242,205.00 was subtracted from State Fiscal Year (SFY) 2000 and added in SFY 2001 in order to balance (see note "^^" on page 3 for details).

CAP GRANT FUNDS AVAILABLE (Continue) Page 3

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

ACH DRAWDOWNS

June 30, 2002

		Grant ACH Payment		Cumulative ACH Payment		ACH Drawdowns		Available ACH Funds	ACH Drawdowns State Fiscal Year Total	Federal Contribution
		=====		=====		=====		=====	=====	=====
Q4	JUL	\$820,000	'99	\$22,300,100	'97	\$8,225.00	10%	\$17,306,581		
				\$22,300,100	'97	\$6,800.00	4%	\$17,299,781		
				\$22,300,100	'97	\$200.00	15%	\$17,299,581		
				\$22,300,100	'97	\$525,945.00	213-0001	\$16,773,636		
				\$22,300,100	'97	\$18,600.00	10%	\$16,755,036		
				\$22,300,100	'97	(\$269,030.00)	10%	\$17,024,066	^	
	AUG	\$0		\$22,300,100				\$17,024,066		
	SEPT	\$0		\$22,300,100	'97	\$101,457.90	4%	\$16,922,608		
				\$22,300,100	'97	\$278,023.10	10%	\$16,644,585		
				\$22,300,100	'97	\$33,738.43	15%	\$16,610,847		
FY 2001										
Q1	OCT	\$1,215,000	'99	\$23,515,100	'97	\$22,405.98	4%	\$17,803,441		
				\$23,515,100	'97	\$60,023.00	10%	\$17,743,418		
				\$23,515,100	'97	\$2,568.95	15%	\$17,740,849		
	NOV	\$0		\$23,515,100	'97	\$36,000.00	10%	\$17,704,849		
	DEC	\$0		\$23,515,100				\$17,704,849		
Q2	JAN'01	\$1,290,000	'99	\$24,805,100				\$18,994,849		
	FEB	\$0		\$24,805,100	'97	\$70,330.01	4%	\$18,924,519		
				\$24,805,100	'97	\$8,000.57	10%	\$18,916,518		
				\$24,805,100	'97	\$49,508.42	15%	\$18,867,010		
	MAR	\$1,095,000	'99	\$25,900,100				\$19,962,010		
		\$1,338,026	'00	\$27,238,126	'00			\$21,300,036		
Q3	APR	\$1,243,800	'99	\$28,481,926				\$22,543,836		
		\$788,418	'99	\$29,270,344				\$23,332,254		
	MAY	\$0		\$29,270,344	'97	\$138,970.00	10%	\$23,193,284		
				\$29,270,344	'97	\$15,000.00	15%	\$23,178,284		
	JUN	\$0		\$29,270,344	'97	\$91,975.97	4%	\$23,086,308		
				\$29,270,344	'97	\$101,287.10	10%	\$22,985,021		
				\$29,270,344	'97	\$36,676.18	15%	\$22,948,344	\$1,336,705.61	\$1,578,910.61
				\$29,270,344		\$242,205.00	Adjust	\$22,706,139	\$1,578,910.61	^^

**NOTES:**

^ As of State Fiscal Year (SFY) 2000 the Environmental Protection Agency (EPA) no longer can fund the states' Public Water System Supervision Program (PWSSP) grant. As a result, EPA approved the use of the 10% set-aside and reimbursement when the PWSSP grant is awarded. In SFY 2001, \$269,030.00 (\$242,205.00 from SFY 2000 and \$26,825.00 from SFY 2001) was reimbursed.

^^ \$242,205.00 was subtracted from State Fiscal Year (SFY) 2000 and added in SFY 2001 in order to balance (see note "^" for details).



State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

ACH DRAWDOWNS

June 30, 2002

		Grant ACH Payment =====	Cumulative ACH Payment =====			ACH Drawdowns =====	Available ACH Funds =====	ACH Drawdowns State Fiscal Year Total =====	Federal Contribution =====
Q4	JUL		\$29,270,344				\$22,706,139		
	AUG	\$0	\$29,270,344	'98	\$109,000.00	10%	\$22,597,139		
			\$29,270,344	'98	\$35,000.00	4%	\$22,562,139		
			\$29,270,344	'97	\$17,045.64	10%	\$22,545,094		
			\$29,270,344	'97	\$18,460.00	15%	\$22,526,634		
	SEPT	\$0	\$29,270,344	'98	\$12,618.00	4%	\$22,514,016		
FY 2002									
Q1	OCT	\$0	\$29,270,344	'97	(\$16,638.56)	4%	\$22,530,654		
			\$29,270,344	'97	\$185,075.39	10%	\$22,345,579		
			\$29,270,344	'97	\$146.75	2%	\$22,345,432		
			\$29,270,344	'97	\$8,989.39	15%	\$22,336,443		
	NOV	\$0	\$29,270,344				\$22,336,443		
	DEC	\$0	\$29,270,344	'97	\$739,210.00	130-0001	\$21,597,233		
			\$29,270,344	'98	\$113,000.00	4%	\$21,484,233		
Q2	JAN'02	\$0	\$29,270,344	'97	\$925,613.12	410-0001	\$20,558,620		
			\$29,270,344	'97	\$581,434.98	410-0001	\$19,977,185		
	FEB	\$0	\$29,270,344				\$19,977,185		
	MAR	\$0	\$29,270,344				\$19,977,185		
Q3	APR	\$0	\$29,270,344				\$19,977,185		
	MAY	\$0	\$29,270,344	'98	\$115,000.00	4%	\$19,862,185		
	JUN	\$0	\$29,270,344				\$19,862,185	\$2,843,954.71	\$2,843,954.71
Q4	JUL	\$6,418,974	'00	\$35,689,318			\$26,281,159		
	AUG	\$0	\$35,689,318				\$26,281,159		
	SEPT	\$0	\$35,689,318				\$26,281,159		
FY 2003									
Q1	OCT	\$0	\$35,689,318				\$26,281,159		
	NOV	\$0	\$35,689,318				\$26,281,159		
	DEC	\$0	\$35,689,318				\$26,281,159		
Q2	JAN'03	\$0	\$35,689,318				\$26,281,159		
	FEB	\$0	\$35,689,318				\$26,281,159		
	MAR	\$0	\$35,689,318				\$26,281,159		
Q3	APR	\$0	\$35,689,318				\$26,281,159		
	MAY	\$0	\$35,689,318				\$26,281,159		
	JUN	\$0	\$35,689,318				\$26,281,159		
Q4	JUL	\$5,374,479	'01	\$41,063,797			\$31,655,638		
	AUG	\$0	\$41,063,797				\$31,655,638		
	SEPT	\$0	\$41,063,797				\$31,655,638		
Total		\$41,063,797	-----		\$9,408,159	=	\$31,655,638		

**NOTE:**

For ACH drawdowns, the FAMIS report date was used as opposed to the FAMIS processing date (MBP-422).

**ATTACHMENT 5**

**STATE MATCH DRAWS**

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

STATE MATCH DRAWS

June 30, 2002

STATE MATCH FUNDS AVAILABLE

		<u>State Funds Deposited</u>	<u>Cap Grant Year</u>	<u>Cumulative State Funds Available</u>	<u>State Payments</u>	<u>Project Number DW:</u>	<u>State Funds Available</u>
FY 1997							
Q1	OCT	\$3,115,000.00	'97	\$3,115,000.00			\$3,115,000.00
	NOV			\$3,115,000.00			\$3,115,000.00
	DEC			\$3,115,000.00			\$3,115,000.00
Q2	JAN'97			\$3,115,000.00			\$3,115,000.00
	FEB			\$3,115,000.00			\$3,115,000.00
	MAR			\$3,115,000.00			\$3,115,000.00
Q3	APR			\$3,115,000.00			\$3,115,000.00
	MAY			\$3,115,000.00			\$3,115,000.00
	JUN			\$3,115,000.00			\$3,115,000.00
Q4	JUL			\$3,115,000.00			\$3,115,000.00
	AUG			\$3,115,000.00			\$3,115,000.00
	SEPT			\$3,115,000.00			\$3,115,000.00
FY 1998							
Q1	OCT			\$3,115,000.00			\$3,115,000.00
	NOV			\$3,115,000.00			\$3,115,000.00
	DEC			\$3,115,000.00			\$3,115,000.00
Q2	JAN'98			\$3,115,000.00			\$3,115,000.00
	FEB			\$3,115,000.00			\$3,115,000.00
	MAR			\$3,115,000.00			\$3,115,000.00
Q3	APR			\$3,115,000.00			\$3,115,000.00
	MAY			\$3,115,000.00			\$3,115,000.00
	JUN			\$3,115,000.00			\$3,115,000.00
Q4	JUL			\$3,115,000.00			\$3,115,000.00
	AUG			\$3,115,000.00			\$3,115,000.00
	SEPT	\$1,425,000.00	'98	\$4,540,000.00			\$4,540,000.00

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

STATE MATCH DRAWS

June 30, 2002

STATE MATCH FUNDS AVAILABLE

		<u>State Funds Deposited</u>	<u>Cap Grant Year</u>	<u>Cumulative State Funds Available</u>	<u>State Payments</u>	<u>Project Number DW:</u>	<u>State Funds Available</u>
FY 1999							
Q1	OCT			\$4,540,000.00			\$4,540,000.00
	NOV			\$4,540,000.00			\$4,540,000.00
	DEC			\$4,540,000.00			\$4,540,000.00
Q2	JAN'99			\$4,540,000.00			\$4,540,000.00
	FEB			\$4,540,000.00			\$4,540,000.00
	MAR			\$4,540,000.00			\$4,540,000.00
Q3	APR			\$4,540,000.00			\$4,540,000.00
	MAY			\$4,540,000.00			\$4,540,000.00
	JUN			\$4,540,000.00			\$4,540,000.00
Q4	JUL			\$4,540,000.00			\$4,540,000.00
	AUG			\$4,540,000.00			\$4,540,000.00
	SEPT			\$4,540,000.00			\$4,540,000.00
FY 2000							
Q1	OCT			\$4,540,000.00			\$4,540,000.00
	NOV			\$4,540,000.00			\$4,540,000.00
	DEC			\$4,540,000.00			\$4,540,000.00
Q2	JAN'00			\$4,540,000.00			\$4,540,000.00
	FEB			\$4,540,000.00	\$3,115,000.00	213-0001	\$1,425,000.00
	MAR	\$1,523,000.00	'99	\$6,063,000.00			\$2,948,000.00
Q3	APR			\$6,063,000.00			\$2,948,000.00
	MAY			\$6,063,000.00			\$2,948,000.00
	JUN			\$6,063,000.00			\$2,948,000.00
Q4	JUL			\$6,063,000.00			\$2,948,000.00
	AUG			\$6,063,000.00			\$2,948,000.00
	SEPT			\$6,063,000.00			\$2,948,000.00

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

STATE MATCH DRAWS

June 30, 2002

STATE MATCH FUNDS AVAILABLE

		<u>State Funds Deposited</u>	<u>Cap Grant Year</u>	<u>Cumulative State Funds Available</u>	<u>State Payments</u>	<u>Project Number DW:</u>	<u>State Funds Available</u>
FY 2001							
Q1	OCT			\$6,063,000.00			\$2,948,000.00
	NOV	\$1,523,000.00	'00	\$7,586,000.00			\$4,471,000.00
	DEC			\$7,586,000.00			\$4,471,000.00
Q2	JAN'01			\$7,586,000.00			\$4,471,000.00
	FEB			\$7,586,000.00			\$4,471,000.00
	MAR			\$7,586,000.00			\$4,471,000.00
Q3	APR			\$7,586,000.00			\$4,471,000.00
	MAY			\$7,586,000.00			\$4,471,000.00
	JUN			\$7,586,000.00			\$4,471,000.00
Q4	JUL			\$7,586,000.00			\$4,471,000.00
	AUG			\$7,586,000.00			\$4,471,000.00
	SEPT	\$1,551,000.00	'01	\$9,137,000.00			\$6,022,000.00
FY 2002							
Q1	OCT			\$9,137,000.00			\$6,022,000.00
	NOV			\$9,137,000.00			\$6,022,000.00
	DEC			\$9,137,000.00			\$6,022,000.00
Q2	JAN'02			\$9,137,000.00			\$6,022,000.00
	FEB			\$9,137,000.00			\$6,022,000.00
	MAR			\$9,137,000.00			\$6,022,000.00
Q3	APR			\$9,137,000.00	\$2,567.86	410-0001	\$6,019,432.14
	MAY			\$9,137,000.00			\$6,019,432.14
	JUN			\$9,137,000.00			\$6,019,432.14
Q4	JUL			\$9,137,000.00			\$6,019,432.14
	AUG			\$9,137,000.00			\$6,019,432.14
	SEPT			\$9,137,000.00			\$6,019,432.14
Total	-----	\$9,137,000.00	-----	-----	\$3,117,567.86	-----	\$6,019,432.14

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

STATE MATCH DRAWS

June 30, 2002

STATE MATCH FUNDS AVAILABLE

Note: State Payments (State Match) is verified with the SRF Project Binder with each State match disbursement being verified with FAMIS report MBP420-B and MBP422-B.

	State Funds Deposited	Cap Grant Year	Cumulative State Funds Available	State Payments	Project Number DW:	State Funds Available
* Check figures only. * Print for the file only. * Not to include in the Annual Report.	\$9,137,000.00	↑		\$3,117,567.86		\$6,019,432.14
	↑ Total deposits match with the total on summary report (DWTRLF report) and the total of the cash received on the run 2 report (added up)	Match Cap Grant Year with Federal Cap Grant Year on run 2 report (note: check from inception to current year)		↑ Total payments match with total of the Expenditures on the run 2 report (added up) and the total disbursement for the "State Match 421" column of the "Sources of Disbursement, Principal and Interest Repayments for State Match Credit" report		↑ Total state funds available match with total cash balance on the run 2 report (note: need to change the link formula to the month reviewing up too)

**ATTACHMENT 6**

**PROPORTIONALITY OF STATE MATCH  
DISBURSEMENT TO THE  
AUTOMATED CLEARINGHOUSE (ACH)  
DRAWS**

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

PROPORTIONALITY OF STATE MATCH DISBURSEMENT TO THE AUTOMATED CLEARING HOUSE (ACH) DRAWS

June 30, 2002

		Cap Grant Year	ACH Drawdowns			State Match Payments	Project Number DW:	Cumulative ACH Drawdowns	Cumulative State Match Payments	% of State Contribution
		=====	=====			=====	=====	=====	=====	=====
FY 1998										
Q1	OCT							\$0.00	\$0.00	
	NOV							\$0.00	\$0.00	
	DEC							\$0.00	\$0.00	
Q2	JAN'98							\$0.00	\$0.00	
	FEB							\$0.00	\$0.00	
	MAR							\$0.00	\$0.00	
Q3	APR	97	\$	12,000.00	4%			\$12,000.00	\$0.00	0%
		97	\$	1,847.13	4%			\$13,847.13	\$0.00	0%
		97	\$	15,842.17	10%			\$29,689.30	\$0.00	0%
		97	\$	13,241.70	15%			\$42,931.00	\$0.00	0%
	MAY	97	\$	3,317.87	4%			\$46,248.87	\$0.00	0%
		97	\$	1,119.90	10%			\$47,368.77	\$0.00	0%
		97	\$	6,562.23	15%			\$53,931.00	\$0.00	0%
	JUN							\$53,931.00	\$0.00	0%
	Q4	JUL							\$53,931.00	\$0.00
AUG		97	\$	1,404.18	10%			\$55,335.18	\$0.00	0%
		97	\$	17,819.51	4%			\$73,154.69	\$0.00	0%
		97	\$	6,061.31	15%			\$79,216.00	\$0.00	0%
SEPT								\$79,216.00	\$0.00	0%
FY 1999										
Q1	OCT	97	\$	5,130.18	4%			\$84,346.18	\$0.00	0%
		97	\$	44,999.82	15%			\$129,346.00	\$0.00	0%
	NOV DEC							\$129,346.00	\$0.00	0%
		97	\$	4,954.96	4%			\$134,300.96	\$0.00	0%
		97	\$	1,372.95	10%			\$135,673.91	\$0.00	0%
		97	\$	7,672.09	15%			\$143,346.00	\$0.00	0%
		97	\$	29,185.00	15%			\$172,531.00	\$0.00	0%
Q2	JAN'99 FEB							\$172,531.00	\$0.00	0%
		97	\$	12,548.70	4%			\$185,079.70	\$0.00	0%
		97	\$	760.53	10%			\$185,840.23	\$0.00	0%
		97	\$	16,290.77	15%			\$202,131.00	\$0.00	0%
	MAR	97	\$	10,333.37	15%			\$212,464.37	\$0.00	0%
		97	\$	4,091.55	4%			\$216,555.92	\$0.00	0%
		97	\$	579.08	10%			\$217,135.00	\$0.00	0%
Q3	APR	97	\$	16,419.00	4%			\$233,554.00	\$0.00	0%
		97	\$	1,839.00	10%			\$235,393.00	\$0.00	0%
		97	\$	30,233.00	15%			\$265,626.00	\$0.00	0%
	MAY JUN							\$265,626.00	\$0.00	0%
		97	\$	17,884.11	4%			\$283,510.11	\$0.00	0%
		97	\$	37,435.94	10%			\$320,946.05	\$0.00	0%
	JUN	97	\$	3,000.41	2%			\$323,946.46	\$0.00	0%
		97	\$	21,079.54	15%			\$345,026.00	\$0.00	0%
		Q4	JUL	97	\$	44,233.00	10%			\$389,259.00
AUG SEPT								\$389,259.00	\$0.00	0%
	97		\$	21,641.44	4%			\$410,900.44	\$0.00	0%
	97		\$	29,013.56	15%			\$439,914.00	\$0.00	0%
	97		\$	5,435.99	4%			\$445,349.99	\$0.00	0%
	97		\$	11,644.06	10%			\$456,994.05	\$0.00	0%
97	\$		8,002.95	15%			\$464,997.00	\$0.00	0%	
FY 2000										
Q1	OCT	97	\$	15,334.05	4%			\$480,331.05	\$0.00	0%
		97	\$	68.42	10%			\$480,399.47	\$0.00	0%



State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

PROPORTIONALITY OF STATE MATCH DISBURSEMENT TO THE AUTOMATED CLEARING HOUSE (ACH) DRAWS

June 30, 2002

		Cap Grant Year	ACH Drawdowns		State Match Payments	Project Number DW:	Cumulative ACH Drawdowns	Cumulative State Match Payments	% of State Contribution
		====	=====		=====	=====	=====	=====	=====
NOV	97	\$	6,624.53	15%			\$487,024.00	\$0.00	0%
	97	\$	6,289.52	4%			\$493,313.52	\$0.00	0%
	97	\$	44,108.27	10%			\$537,421.79	\$0.00	0%
	97	\$	6,012.21	15%			\$543,434.00	\$0.00	0%
	97	\$	32,099.06	4%			\$575,533.06	\$0.00	0%
	97	\$	17,611.54	10%			\$593,144.60	\$0.00	0%
	97	\$	23,807.40	15%			\$616,952.00	\$0.00	0%
	97	\$	57,000.00	10%			\$673,952.00	\$0.00	0%
Q2	JAN'00	97	\$	19,945.00	10%		\$693,897.00	\$0.00	0%
		97	\$	13,900.00	10%		\$707,797.00	\$0.00	0%
FEB	97	\$	15,000.00	10%	\$ 3,115,000.00	213-0001	\$722,797.00	\$3,115,000.00	431%
	97	\$	53,900.00	10%			\$776,697.00	\$3,115,000.00	401%
	97	\$	50,300.00	15%			\$826,997.00	\$3,115,000.00	377%
	97	\$	4,199,142.00	213-0001			\$5,026,139.00	\$3,115,000.00	62%
	97	\$	13,800.00	10%			\$5,039,939.00	\$3,115,000.00	62%
MAR	97	\$	14,000.00	10%			\$5,053,939.00	\$3,115,000.00	62%
	97	\$	14,200.00	10%			\$5,068,139.00	\$3,115,000.00	61%
Q3	APR	97	\$	16,700.00	10%		\$5,084,839.00	\$3,115,000.00	61%
		97	\$	15,500.00	10%		\$5,100,339.00	\$3,115,000.00	61%
MAY	97	\$	16,000.00	10%			\$5,116,339.00	\$3,115,000.00	61%
	97	\$	14,207.63	4%			\$5,130,546.63	\$3,115,000.00	61%
	97	\$	13,419.17	10%			\$5,143,965.80	\$3,115,000.00	61%
	97	\$	37,373.20	15%			\$5,181,339.00	\$3,115,000.00	60%
	97	\$	14,100.00	10%			\$5,195,439.00	\$3,115,000.00	60%
JUN	97	\$	13,660.00	10%			\$5,209,099.00	\$3,115,000.00	60%
	97	\$	18,400.00	10%			\$5,227,499.00	\$3,115,000.00	60%
Q4	JUL	97	\$	8,225.00	10%		\$5,235,724.00	\$3,115,000.00	59%
		97	\$	200.00	15%		\$5,235,924.00	\$3,115,000.00	59%
		97	\$	6,800.00	4%		\$5,242,724.00	\$3,115,000.00	59%
		97	\$	525,945.00	213-0001		\$5,768,669.00	\$3,115,000.00	54%
		97	\$	18,600.00	10%		\$5,787,269.00	\$3,115,000.00	54%
		97	\$	(269,030.00)	10%		\$5,518,239.00	\$3,115,000.00	56%
AUG		97	\$	101,457.90	4%		\$5,518,239.00	\$3,115,000.00	56%
	SEPT	97	\$	101,457.90	4%		\$5,619,696.90	\$3,115,000.00	55%
		97	\$	278,023.10	10%		\$5,897,720.00	\$3,115,000.00	53%
		97	\$	33,738.43	15%		\$5,931,458.43	\$3,115,000.00	53%
FY 2001									
Q1	OCT	97	\$	22,405.98	4%		\$5,953,864.41	\$3,115,000.00	52%
		97	\$	60,023.00	10%		\$6,013,887.41	\$3,115,000.00	52%
		97	\$	2,568.95	15%		\$6,016,456.36	\$3,115,000.00	52%
NOV		97	\$	36,000.00	10%		\$6,052,456.36	\$3,115,000.00	51%
	DEC						\$6,052,456.36	\$3,115,000.00	51%
Q2	JAN'01						\$6,052,456.36	\$3,115,000.00	51%
	FEB	97	\$	70,330.01	4%		\$6,122,786.37	\$3,115,000.00	51%
		97	\$	8,000.57	10%		\$6,130,786.94	\$3,115,000.00	51%
		97	\$	49,508.42	15%		\$6,180,295.36	\$3,115,000.00	50%
MAR							\$6,180,295.36	\$3,115,000.00	50%
	APR						\$6,180,295.36	\$3,115,000.00	50%
Q3	MAY	97	\$	138,970.00	10%		\$6,319,265.36	\$3,115,000.00	49%
		97	\$	15,000.00	15%		\$6,334,265.36	\$3,115,000.00	49%
	JUN	97	\$	91,975.97	4%	\$ 86.30	\$6,426,241.33	\$3,115,086.30	48%
		97	\$	101,287.10	10%		\$6,527,528.43	\$3,115,086.30	48%
		97	\$	36,676.18	15%		\$6,564,204.61	\$3,115,086.30	47%
Q4	JUL						\$6,564,204.61	\$3,115,086.30	47%

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

PROPORTIONALITY OF STATE MATCH DISBURSEMENT TO THE AUTOMATED CLEARING HOUSE (ACH) DRAWS

June 30, 2002

		Cap Grant Year	ACH Drawdowns		State Match Payments	Project Number DW:	Cumulative ACH Drawdowns	Cumulative State Match Payments	% of State Contribution
		====	=====		=====	=====	=====	=====	=====
AUG		99	\$	109,000.00	15%		\$6,673,204.61	\$3,115,086.30	47%
		99	\$	35,000.00	4%		\$6,708,204.61	\$3,115,086.30	46%
		98	\$	17,045.64	10%		\$6,725,250.25	\$3,115,086.30	46%
		98	\$	18,460.00	15%		\$6,743,710.25	\$3,115,086.30	46%
SEPT		99	\$	12,618.00	4%		\$6,756,328.25	\$3,115,086.30	46%
FY 2002									
Q1	OCT	98	\$	(16,638.56)	4%		\$6,739,689.69	\$3,115,086.30	46%
		98	\$	185,075.39	10%		\$6,924,765.08	\$3,115,086.30	45%
		98	\$	146.75	2%		\$6,924,911.83	\$3,115,086.30	45%
		98	\$	8,989.39	15%		\$6,933,901.22	\$3,115,086.30	45%
NOV						\$6,933,901.22	\$3,115,086.30	45%	
Q2	JAN'02	DEC	99	\$	113,000.00	4%	\$7,046,901.22	\$3,115,086.30	44%
			98	\$	739,210.00	130-0001	\$7,786,111.22	\$3,115,086.30	40%
			98	\$	581,434.98	410-0001	\$8,367,546.20	\$3,115,086.30	37%
			98	\$	925,613.12	410-0001	\$9,293,159.32	\$3,115,086.30	34%
FEB						\$9,293,159.32	\$3,115,086.30	34%	
						\$9,293,159.32	\$3,115,086.30	34%	
MAR						\$9,293,159.32	\$3,115,086.30	34%	
Q3	APR	99	\$	115,000.00	4%	\$ 2,567.86 410-0001	\$9,408,159.32	\$3,117,654.16	33%
							\$9,408,159.32	\$3,117,654.16	33%
							\$9,408,159.32	\$3,117,654.16	33%
							\$9,408,159.32	\$3,117,654.16	33%
MAY						\$9,408,159.32	\$3,117,654.16	33%	
JUN						\$9,408,159.32	\$3,117,654.16	33%	
						\$9,408,159.32	\$3,117,654.16	33%	
Q4	JUL						\$9,408,159.32	\$3,117,654.16	33%
	AUG						\$9,408,159.32	\$3,117,654.16	33%
	SEPT						\$9,408,159.32	\$3,117,654.16	33%
Total									
		-----	\$	9,408,159.32	-----	\$	3,117,654.16	-----	

**ATTACHMENT 7**

**SOURCES OF DISBURSEMENT, PRINCIPAL  
& INTEREST REPAYMENT FOR  
STATE MATCH CREDIT**

State of Hawaii  
Drinking Water Treatment Revolving Loan Fund

SOURCES OF DISBURSEMENT, PRINCIPAL AND INTEREST REPAYMENTS FOR STATE MATCH CREDIT

Year ended June 30, 2002

		Disbursements					Repayments	
		Federal SRF	State Match	Principal frm Repymnts	Interest frm Repymnts	Investment Interest	Principal Repayments	Interest Repayments
		420	421	422	423	424	422	423
101-0001	Saddle Road Well "A"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
130-0001	Waimea TP Upgrades-Ph. II	\$ 739,210.00	\$ -	\$ -	\$ -	\$ -	\$ 20,826.30	\$ 1,858.96
213-0001	Kamole Water TP	\$ 4,725,087.00	\$ 3,115,000.00	\$ -	\$ -	\$ -	\$ 673,983.96	\$ 260,849.64
410-0001	Dam. Repairs to Kokolau Tun.	\$ 1,640,529.02	\$ 2,567.86	\$ -	\$ -	\$ -	\$ 32,574.43	\$ 12,208.07
133-0001	Kukuihaele Well "A"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
139-0001	Makapala Well	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
109-0001	Pahala Well "B"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
107-0001	Kaieie Mauka	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
406-0001	Kekaha Well	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -